Introduction

Welcome to the first version of “Tools for the High Road to Productivity and Competitiveness”. The contents of this presentation represent the last three years of work by the International Labour Organization's Subregional Office for the Caribbean through its Programme for the Promotion of Management-Labour Cooperation (PROMALCO).

These tools were developed in partnership. Our key collaborators are the social partners of the regions - government, workers and employers. In addition, other stakeholders have been involved. These include academic institutions, independent researchers and constants and practitioners in the fields of management, industrial relations, human resources, and productivity improvement, among others.

Our tools include practical guides, how to manuals and case studies. They have all been designed to contribute to a body of work, which could support the efforts of Caribbean enterprises, and all their stakeholders, achieve internationally competitive levels of productivity, efficiency and effectiveness.

The tools have been developed after careful analysis of the challenges that face enterprises in the region. They are premised on the knowledge that if the stakeholders in an enterprise – management (meaning shareholders, owners and executive management) and workers (meaning employees and their representatives) – work together in partnership, then enterprises have a far better chance at profitability and sustainability and workers have a far better chance of having better and more jobs.

The Menu

Building Labour-Management Partnerships - A Practical Guide

This is a practical guide to assist human resource personnel, management, staff, workers and their representatives in facilitating labour-management partnerships in the functioning of enterprises with a view to creating a more conducive environment for increased productivity and international competitiveness.

The new approach recognises that shifting production patterns and organisation of production can make nonsense of traditional measures of comparative advantage. Accordingly firms need to become more innovative as a means to achieving international competitiveness. Such innovation and competitiveness is not only the means for enterprises to increase productivity and profits, but also a prerequisite for survival.

To achieve competitiveness firms can no longer rely merely on cutting the cost of labour. Rather “management has to be able to harness the firms’ capacity for innovation, as well as to utilise technology and human resources and translate these into efficient work organisation”

Engaging workers and their representatives in meaningful dialogue and partnership is therefore essential for the development of enterprises. Previous attempts in this direction took place in the Caribbean region in the nineteen seventies. These attempts at “worker participation” tended, however to focus more on political and ideological objectives rather than on releasing the full potential of the firms’ human resources. Accordingly, attempts at worker participation were not particularly successful and may have even created a backlash against other forms of worker involvement.

In the face of the increasing evidence that worker involvement through various forms of labour-management partnerships contribute to enterprise competitiveness, PROMALCO proposed to develop a guide which can assist human resource professionals and other supervisory and managerial staff in enterprises to establish partnerships with workers and their representatives toward increasing the more effective use of all the resources available to the enterprise.

Author: Mr. Joseph Goddard.
International Labour Standards as Strategic Management Tools

This manual seeks to demonstrate that International Labour Standards are not only desirable and morally right, but also make good business sense. The case is made that for enterprises to be made viable, be profitable and competitive in the emerging international production and trading patterns international labour standards must occupy a central position.

Moreover, there is evidence to suggest that rather than approaching international labour standards as a luxury for enterprises in developed countries or even larger enterprises in developing countries, ILS may be viewed as an imperative for small and medium sized firms in developing countries.

Specifically, the manual is designed to assist management and workers in determining jointly the most effective way for Caribbean enterprises to tackle the new challenges of globalisation and trade liberalisation.

The guide highlights the key provisions of the conventions and recommendations that have special relevance to the supporting and sustaining enterprise productivity, competitiveness and profitability in the face of the new rules of the game that are developing in the international system. These rules of the game are both written and unwritten. They will be manifested through trade agreements and “new rules” which might be introduced and/or legitimized in them. They will also be manifested in the unilateral action of states which impose additional standards for international trade into their markets.

Quick Guide to Productivity Improvement Strategies

Quick Guide to Productivity Improvement Strategies As Caribbean enterprises and workers and their representatives struggle with the challenges of attaining international competitiveness in the context of trade liberalization, the importance of productivity improvement becomes apparent. This guide is designed to provide users with an easy reference to some of the practical aspects of increasing productivity at the level of the enterprise.

Enterprise Partnership Agreements

This study seeks to share with social partners some of the practices which are used to facilitate labour-management partnerships at the enterprise level. It examines the challenges that Caribbean countries face in adjusting to the changing international economic environment.

Specifically, these challenges relate to how to leverage the human resources of the region to achieve and sustain high levels of productivity and international competitiveness. In keeping with the ILO’s fundamental principles and rights at work, any effort at increasing productivity and international competitiveness must be approached in a manner that recognises the rights and dignity of workers and preserves the human capital of the region.

Enterprise Partnerships

PROMALCO is a project that primarily focuses on the relationship between management and labour in the enterprise, the logic of the project recognises a significant need for a facilitating environment to enable the enterprise-based social partners to explore and develop the fullest potential of their relationship. This environment is principally the responsibility of the government working as an integral social partner in the process of change, which PROMALCO seeks to champion. In particular there is a central role for ministries of labour in the region.

This strategy paper provides an overview and analysis of Caribbean labour administration systems in general and a more detailed view of the identified countries in particular.

In the context of the challenges faced by the countries of the Caribbean to adjust quickly to the requirements of the international economic system, analyze the needs of the Caribbean for proactive ministries of labour that can anticipate the changing requirements of the productive and trading system with regard to the full range of labour administration responsibilities.

It proposes a range of minimum competencies and capacities that ministries of labour in the region should possess to respond to the challenges of twenty-first century labour administration.
It assesses the current capacities of ministries of labour in the Caribbean to provide services and facilitation identified and proposes strategies to close the gap between.

**The High Road in Caribbean Enterprises**

The high road recognises that shifting production patterns and organisation of production can make nonsense of traditional measures of comparative advantage. Accordingly firms need to become more innovative as a means to achieve international competitiveness. Such innovation and competitiveness is not only the means for enterprises to increase productivity and profits, but also a prerequisite for survival.

To achieve competitiveness firms can no longer rely merely on cutting the cost of labour. Rather "management has to be able to harness the firms' capacity for innovation, as well as to utilise technology and human resources and translate these into efficient work organisation. Work places where the employees have exercised their right to organise tend to be better at innovation, adaptation and productivity:

This manual sought to develop a body of knowledge, through case studies, on the application of high road business strategies in Caribbean enterprises and to demonstrate through these studies that the application of such strategies make significant and positive contributions to the productivity and competitiveness of the enterprises.

The study will focus on the application of leading edge mechanisms for making telling investments in the human and social capital of enterprises, in particular, by analysing the role played by adherence to labour standards as a prerequisite for enhancing workers’ participation in generating business success. It:

- Documents practical applications of “High-Road Business Strategies” in Caribbean enterprises;
- Identifies the relationship, implicitly and explicitly, between the specific high-road business strategies used in the Caribbean and international labour standards, explicitly relating them to specific standards embodied in conventions and recommendations of the ILO;
- Identifies evidences of labour-management partnerships in the enterprises under investigation;
- Identifies evidences of best practices in workers’ participation in the enterprises under review;
- Demonstrates the positive relationship between labour standards and competitiveness/productivity.

**Guide to Building Trust**

This is a manual designed as a guide for facilitators conducting trust building workshops for managers and union representatives. The manual and the programmes in which it will be used are intended to assist participants in developing new perspectives on management worker relationships based on mutual trust.

Part One of the manual deals with the rationale for a new approach to management-labour relations in Caribbean enterprises.

Part Two looks at different types of trust in enterprises, and the conditions for creating and maintaining high levels of interpersonal, personal, dispositional and structural trust.

Part three focuses on trust building mechanisms at the enterprise level for increasing productivity and enterprise competitiveness.

This manual is best used in group work since the exercises attached to each section are best carried out in a group setting.

**Caribbean Trade Unions and Globalization**

The globalization process is extremely dynamic. No publication can capture the rapidly changing issues, the new economic environment, the disputes and the results of meetings which are taking place constantly.

At the core of the process, however, are a few fundamental issues, institutions, relationships and a number of challenges which have to be understood by all trade unionists, at all levels.

This manual seeks to respond to the need to present a tactical and strategic response for trade unions to address the core issues of globalization. We note that while this manual is addressed primarily to trade unions it has a wealth of information as a ready resource for all stakeholders in the production process in the Caribbean.
Approaches to Trade Union Administration

There are several texts which have been written on the trade union as an institution. Most of these have been prepared by academics for use in undergraduate and postgraduate studies. This manual was developed to provide the rank and file (as well as the more experienced unionist) trade unionists in the Caribbean with some basic information on the institutions to stimulate their thoughts on the trade union as an institution, its aims, functions, process, structure and its outputs.

At a time of global change trade unions, like all other institutions have to examine themselves and begin a process of responding to the environment in which they find themselves. Hopefully, this manual will contribute to the process.

We believe that it will also be a useful reference for supervisors and line managers in understanding the trade union movement and thus enhancing their ability to engage in constructive ways with workers representatives as partners.

New Issues in Collective Bargaining

This manual, in modular form, is targeted at trade union leaders and at the rank and file of trade union members. It is aimed at building competencies which are fundamental for success in the practice of industrial relations.

The main competencies focused on are: negotiating competencies; conflict resolution competencies; productivity bargaining competencies and organizing competencies.

The modular form is based on the constructionist theory of learning, which shifts the responsibility of learning to the learner. Each module can form the basis of a one (1) hour presentation, but should be able to stimulate deep research and analysis on issues raised in the subject matter.

Updates

This is the first version of “Tools for the High Road”. We expect that over time this product will be updated as new information comes to hand and Caribbean experiences and expertise developed. You are warmly invited to communicate with us any improvements that you believe will enhance this product for the use of Caribbean development.

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Introduction to the ILO/ PROMALCO

The Programme for the Promotion of Management-Labour Cooperation (PROMALCO) is a project of the International Labour Organization and is funded by the United States Department of Labor.

Within the ILO, PROMALCO falls under the In Focus Programme for the Promotion of the Declaration (DECLARATION) and is being implemented by the ILO's Sub Regional Office for the Caribbean.

- The International Labour Organization
- How the ILO Works
- International Labour Standards
- The Sub Regional Office for the Caribbean
- The Declaration on Fundamental Principles and Rights at Work
- The United States Department of Labor
- The Programme for the Promotion of Management-Labour Cooperation (PROMALCO)
- Why PROMALCO
- How PROMALCO Works
- PROMALCO and International Labour Standards
- Benefits from PROMALCO

The International Labour Organization (www.ilo.org)

The International Labour Organization was founded in 1919 to give expression to the growing concern for social reform after World War I.

After World War II there was a dramatic restatement and enlargement of the ILO's basic goals and principles made in the Declaration of Philadelphia. The Declaration anticipated postwar growth in national independence, and heralded the birth of large-scale technical cooperation with the developing world. In 1946, the ILO became the first specialised agency of the newly formed United Nations.

The ILO is the institutional framework which makes it possible to address issues related to the world of work and to find solutions allowing working conditions to improve everywhere.

How the ILO Works

The ILO has a tripartite structure unique in the United Nations, in which employers’ and workers’ representatives - the “social partners” of the economy - have an equal voice with those of government in shaping its policies and programmes.

The ILO encourages this tripartism within its member states by promoting social dialogue between trade unions and employers in formulating, and where appropriate, implementing national policy on social, economic and many other issues.

Minimum labour standards and the broad policies of the ILO are set by the International Labour Conference, which meets annually. The Conference also provides an international forum for discussion of social problems. Each member country has the right to send four delegates to the Conference, two from government and one each representing workers and employers. These delegates are free to speak and vote independently. Between annual sessions of the Conference, the work of the ILO is guided by the Governing Body of 28 government members and 14 worker and 14 employer members.

The ILO Secretariat, operational headquarters, research centre and publishing house are based at the International Labour Office, Geneva. There are also regional, sub-regional offices in more than 40 countries.

The ILO has four principal strategic objectives:
- To promote and realise standards, and fundamental principles and rights at work.
- To create greater opportunities for women and men to secure decent employment.
- To enhance the courage and effectiveness of social protection for all.
- To strengthen tripartism and social dialogue.
International Labour Standards

One of the ILO’s original and most important functions is the adoption by the tripartite International Labour Conference of Conventions and Recommendations which set international labour standards. Through ratification by member states, these Conventions create binding obligations to implement their provisions. Recommendations provide guidance on policy, legislation, and practice.

The Sub Regional Office for the Caribbean (www.ilocarib.org.tt)

The ILO Sub Regional Office for the Caribbean was established in 1969. The work of the Office covers the Dutch and English-Speaking countries of the Caribbean, which are members of the ILO. These are Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. Additionally, the Office has responsibility for the English and Dutch non-independent territories of Anguilla, Aruba, Bermuda, British Virgin Islands, Cayman Islands, The Netherlands Antilles and Turks and Caicos.

The Declaration on Fundamental Principles and Rights at Work (www.ilo.org/declaration)

In 1998, the International Labour Conference adopted the Declaration on Fundamental Principles and Rights at Work, which reaffirmed the commitment of the international community to “respect, to promote and to realise in good faith” the rights of workers and employers to freedom of association and the effective right to collective bargaining.

It also commits members states to work for the elimination of all forms of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in employment and occupation.

The Declaration emphasises that all member states have an obligation to respect the fundamental principles involved, whether or not they have ratified the relevant conventions.

The ILO Declaration on Fundamental Principles and Rights at Work is an enduring commitment by Governments, workers’ and employers’ organisations to the universal values on which the ILO was founded. Its purpose is to stimulate efforts that ensure social progress goes hand in hand with economic progress and development.

The Principles and Rights

- Freedom of Association and Collective Bargaining
- Elimination of Forced and Compulsory Labour
- Abolition of Child Labour
- Elimination of Discrimination

Priorities of the Declaration:

- Reconciling social justice with globalisation
- Reducing inequalities within and between countries
- Contributing to poverty reduction
- Reducing unemployment and underemployment
- Raising the quality of employment
- Addressing rising insecurity and social polarisation

Objectives of the Declaration:

- Re-assert fundamental social rights as universal values
- Accelerate progress in poverty reduction
- Recognise fundamental principles and rights as a tool for development
- Offer Special Protection for vulnerable groups
- Increase support from donors and other organisations for fundamental principles and rights

Role of the Social Partners

- Engaging in social dialogue
- Implementing fundamental principles and rights
- Promoting and disseminating information on the fundamental principles and rights
• Providing monitoring and feedback
Social Partners and Social Dialogue
• Link between good labour relations and productivity
• Minimises conflict and promotes stability
• Enhances flexibility and adaptability
• Promotes innovation and problem solving
• Replaces adversarial approach with more constructive relations

The United States Department of Labor. (www.dol.gov)

In furtherance of the goals of the Declaration, the United States, through its Department of Labor has made resources available to the International Labour Organization for technical assistance to developing countries. The Caribbean Sub Region is the beneficiary of part of these funds for the Programme for the Promotion of Management-Labour Cooperation.

The Programme for the Promotion of Management-Labour Cooperation (PROMALCO) is a project of the International Labour Organization and is funded by the United States Department of Labor.

The Programme for the Promotion of Management-Labour Cooperation (PROMALCO)
PROMALCO (www.promalco.org) was originally developed as a two-year programme with effect from 1 January 2001. It was extended for a further two years with effect from 1 January 2003.

The programme has a developmental, or long term, objective and two immediate objectives. The Developmental objective is: “Governments and national organizations of employers and workers as well as training/educational institutions increasingly recognize management-labour cooperation as a suitable framework for facilitating the achievement of the twin objectives of achieving respect for fundamental principles and rights at work and the advancement of enterprise performance and are engaged in sustained efforts at the national and enterprise/institutional levels to promote, support and evaluate respective experiences”

Immediate Objective I states: “Enhanced institutionalized capacity and readiness on behalf of management and labour in stakeholder enterprises to address workplace issues in the spirit of cooperation and consultation, notably by employing techniques of consultation and negotiation to reach consensus on enterprise goals and practices, by establishing consultative and participatory mechanisms on issues of mutual concern by creating conditions of trust on the basis of mutual respect and recognition, adherence to agreements and commitment to fundamental principles and rights at work”

Immediate Objective II is: “Governments and national organizations of employers and workers as well as training/educational institutions increasingly recognize management-labour cooperation as a suitable framework for facilitating the achievement of the twin objectives of achieving respect for fundamental principles and rights at work and the advancement of enterprise performance and are engaged in sustained efforts at the national and enterprise/institutional levels to promote, support and evaluate respective experiences.”

PROMALCO is executed by a Project Management Group which is headed by a Project Director and fall under the general guidance of the Director of the Sub Regional Office for the Caribbean.

PROMALCO was initially funded by a grant from the United States Department of Labour for two years, from January 2001, the project has been extended for a further two years.

Why PROMALCO
Changes in the ways goods and services are produced and sold on the international market require changes in the way the Caribbean does business. For most of the last fifty years the countries of the Caribbean have benefited from special arrangements. Such guarantees allowed access to international markets under special conditions, without having to face the full force of international competition. This situation has been rapidly changing over the last ten years because of the forces of globalization and trade liberalization. Consequently,
countries in the Caribbean and their enterprises must be able to face the full impact of competitiveness in
the shortest possible time.

Over the years, the ILO has evolved in response to the evolution the world of work. In the case of
PROMALCO, the ILO Sub Regional Office for the Caribbean has been able to identify the important need for
improved collaboration and operation between management and labour as one of the critical factors to
improve the productivity, efficiency, effectiveness and competitiveness of Caribbean enterprises. All social
partners agree that conflict and adversarialism in the workplace lead to wasted resources of time, people
and money that could be used to generate benefits for all partners.

Some of the areas of emphasis for PROMALCO have been

- Strategic human resource management
- Trust building at the work place
- Productivity enhancement and measurement
- Work place partnerships between management and labour
- Equality of opportunity and treatment at work
- Conflict prevention and dispute resolution

How PROMALCO Works

PROMALCO's work has four major steps:

- Diagnosis - Determining the state of Caribbean performance in human resource oriented,
- Benchmarking - Determining the best practices and standards of performance regionally and
  internationally and identifying the gaps between Caribbean performance and international practice,
- Development of Caribbean solutions - Developing strategic options for closing the gaps and
- Implementation - Working with social partners in the various countries ensure maximum impact and
  sustainability.

PROMALCO and International Labour Standards

This Project aims to promote more effective observance of international labour standards. The Project seeks
to make the case that International labour Standards are good for business and provide an important
strategic platform which can assist enterprises in the transformation necessary for Caribbean enterprises to
face international competition. In particular, the project focuses on the implementation and practice of the
Declaration on Fundamental Principles and Rights at Work. The relevant standards for PROMALCO in the
Declaration are embodied in the following instruments:

- Freedom of Association and the Right to Organize (Convention No. 87),
- Right to Organize and Collective Bargaining (Convention No.98),
- Equal Remuneration (Convention No. 100)
- Discrimination (Employment and Occupation) (Convention No. 111)

In addition to these “core” labour standards, PROMALCO activity promotes international labour standards
dealing with:

- Human Resource Development
  - C142 Human Resource Development Convention, 1975
  - R150 Human Resource Development Recommendation, 1975
- Partnership and Communication in the Work Place
  - R94 Co-operation at the Level of the Undertaking Recommendation, 1952
- Socially Sensitive Enterprise Restructuring
  - C158 Termination of Employment Convention, 1982
  - C168 Employment and Protection Against Unemployment Convention , 1988
  - R169 Employment Policy (Supplementary Provision) Recommendation, 1984
Benefits from PROMALCO

PROMALCO is beneficial to enterprises, workers and governments since it seeks to:

- Contribute to the unlocking of the potential of enterprises for innovation and global competition through workplace partnerships, respect for fundamental workers' rights, building of industrial democracy and the optimal use of human resources.
- Provide Caribbean employers, workers and their organizations with information and practical tools to assist them in the process of transformation for competitiveness in a liberalized international economic system.

Contact Information

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Strong, viable partnerships don’t just happen. They need to be understood, properly developed and well maintained. Skills, knowledge and experience are required when we bring labour and management together to form useful and productive partnerships. Many of us do not feel confident in each and every aspect of partnering or, if we do, we may not be able to share our knowledge effectively with others. The objectives of this guide are to help managers learn more about what labour-management partnerships are and to offer suggestions about how to be effective in them. It provides tools and tips to enhance partnerships, and outlines what is needed to move forward together.

This guide is about developing labour-management partnerships and doing it right.

- It has been written for all managers who want to undertake, maintain or strengthen their relationship with their employees.
- It is designed to build capacity while reinforcing existing skills.
- It should increase understanding of new roles and relationships at a time when opportunity abounds but direction and guidelines may not always be clear.

Caribbean countries have had some great partnership successes from the cooperative movement as well as corporate business. Through a vast range of partnership experiences, enough learning has been garnered, mistakes made, and ideas shared, to allow this guide to be written.

The content of this guide comes from the knowledge and experience of numerous individuals and organisations who have been directly involved in partnerships. As a guide, it is suitable for people who are either actively involved in partnerships or just starting out.

Partnerships are not new. They have been around for a very long time. What is new is the emphasis being placed on labour-management relationships. From employment and economic initiatives, groups who might not otherwise be sharing resources are joining together and forming partnerships. The basis for this is the belief that working together is more effective than working in isolation. This belief is being embraced by organizations that need to consider or connect a wide range of interests as well as by those that have a single focus. Labour management partnerships are becoming a logical and popular way of doing business, particularly in the context of the ever-increasing competitiveness of the business environment.

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- The Director of the Sub Regional Office for the Caribbean, for her financial and morale support and professional guidance in completing the guide.
Introduction

In the past and up to the present time, negotiation techniques were and are being used to reach collective bargaining agreements and resolve workplace disputes. Union and management entered into talks with established, firmly held positions on issues, submitted inflated proposals, and argued vigorously. The parties exaggerated the importance of each proposal and demanded significant concessions by the other party in the exchange for dropping inflated or unimportant proposals. Discussions focussed on personalities and anecdotal data rather than issues. The net result of these tactics was a labour-management relationship built on acrimony, distrust, confrontation, and, worst of all, giving up control of the results of their negotiation through litigation. Few efforts are being made to resolve problems informally. Once negotiations are concluded, problems arising under the agreement are usually addressed through grievance procedures or unfair labour practice charges using the same behaviours learned while bargaining.

Under globalised trading, as companies become more competitive, greater focus is being placed on labour-management relationships. More and more companies and unions have recognised the value of partnerships and are working together to create partnerships at all levels. This guide therefore seeks to assist parties in creating or improving existing relationships by providing a set of guidelines for developing real and sustainable partnerships between labour and management. Much of the contents are based on best practices experienced by companies operating in developed and developing countries, including the Caribbean, and is complemented by a number of live cases.

What are the views of unions on labour-management partnership? When bosses and employees work together in partnership, businesses increase productivity and profitability, they have less staff turnover and less sickness absence, says a new Trade Union Congress (TUC) report, Partnership works, which was recently published. The report showcases the unique contribution that unions, and the TUC's Partnership Institute, can make to the success of companies. It also shows how such an approach makes employees' jobs more secure and fulfilling. Forty-six companies in Britain are currently using the TUC Partnership Institute's consultancy service to promote union involvement in strategic decisions, effective relationships between line managers, supervisors and union representatives, and greater employee involvement. The Institute is accelerating partnership agreements with companies in its varied client base including manufacturing, utilities and finance companies, hospitals, government agencies, NGOs and government departments.

John Monks, TUC General Secretary, said: “Effective workplace partnership is a relationship based on trust, and that can only be delivered through strong, independent unions representing the workforce. Our members want to feel a sense of personal achievement at work. They also want to be proud of the company they work for, and in return to be treated with respect. Successful businesses know this by seeking partnership agreements.”

Partnership works also draws on a wide range of recent research to back its claims, quoting a personnel manager saying: “Trade unions in many ways assist me in solving my problems. They solve problems for me before they even come to my attention.” Most Human Resource Managers echo this opinion in the 2002 Industrial Relations Services survey of personnel practitioners. Some 57 percent said unions were relevant to the needs of employers.

According to Partnership works' publication the unions summarized their experience as follows:

- Partnership workplaces are one-third more likely to have financial performance that is a lot better than average; and are a quarter more likely to have labour productivity that is a lot better than average.
- Partnership between workers, their unions and employers leads to lower labour turnover and absenteeism, and higher sales and profits.
- An international call-centre study based on interviews with staff and managers, found that a partnership relationship with the union had a considerable beneficial impact on job design, control, training and career development.

The TUC believes that there are six key principles that make up a meaningful partnership agreement:

- First, a joint commitment to success of the enterprise.
- Second, unions and employers recognising each other's legitimate interests and resolving differences in an atmosphere of trust.
- Third, a commitment to employment security.
• Fourth, a focus on the quality of working life.
• Fifth, transparency and sharing information.
• Sixth, mutual gains for unions and employers, delivering concrete improvements to business performance, terms and conditions, and employee involvement.

SECTION 1

Section: The "Nuts and Bolts" of Labour-Management Partnership

What is Labour-management Partnership?

Partnerships vary by organisation, but one essential characteristic that exists in all forms of partnerships, is a changed labour-management relationship. As this relationship matures, collaborative problem solving becomes the preferred method of resolving workplace issues. Only through changed behaviour and attitudes can partnerships thrive.

• A culture of successful partnership is characterised by:
• An environment that respects and values all employees.
• A willingness to share power.
• Respect and trust for all or the desire to work to this goal.
• Open and candid sharing of information.
• Joint decision-making and agreement reached through consensus.
• Cooperation even though some may disagree on specific issues.
• Patience for and commitment to partnership for the long haul.
• Problems identified and solved jointly to better serve customers and achieve the mission.
• Faith that partnership will lead to a more effective organisation.

A single definition or model for labour management partnership does not exist. No two partnerships look exactly alike. Different contextual situations and shared interests will influence what each partnership looks like. As labour-management partnerships evolve so too will any definition.

However, based on the above characteristics, the following definition is advanced as a guide. Labour-management partnership exists when both parties commit to mutual trust, for the purpose of developing a culture that is based on the sharing of goals, efforts, information and learning to advance their mutually defined interests.

For shared goals, employees should be involved in forming business plans and designing policies and practices. For shared culture, a process of building trust and fair treatment over time is consciously embarked upon but the new organisational values must be supported and defended consistently. An unwilling, unable or unresponsive workforce can undermine and even negate business strategies. Shared learning involves a training needs analysis based on fulfilling the requirements of the enterprise's business strategy, typically with task-oriented training and progressing to skills such as problem-solving and creativity.

Flexible team working is the basis for shared effort, but teams must be carefully designed and resourced (training, facilities, etc.) cutting across functions, and must be managed to prevent inter- and intra-team disputes or rigidity. Finally, change is managed through the efficient exchange of shared information and ideas: vertically and horizontally throughout the organisation. Valuable upward information is especially helpful, but will only begin where trust and employee involvement exists. Mutual interests refer to the accomplishment of the company's objectives as well as improving the quality of work life of employees.

Principles of Labour Management Partnership:

The challenge for any Caribbean enterprise is to combine business focus with a commitment to mutuality that is a respect for the interests and aspirations of all the stakeholders in the enterprise.

Unions have also seen the potential for consultation and joint problem solving to enhance influence at strategic level and input into operational decision-making. They no longer see it as the poor relation of collective bargaining. For maximum benefit, consultation and dialogue should be taking place at all levels within the organisation. A high quality agenda is vital with a focus on company performance, investment and job re-organisation.

Building a workplace partnership is a lengthy process, which calls for patience from all parties. In many cases the early steps, may be the most difficult, especially, when there has been a long history of mistrust. Outside facilitation is often needed to open entrenched attitudes and to help scope out the objectives of the
partners.

- There is enough empirical evidence to show that policies which otherwise are difficult to implement, like flexible work practices, self-managed teams, and innovative joint problem solving activities, have also been easier to implement where there are good employment relations. Combining employee involvement and good employment relations brings benefits to both the organisation and its employees. There is no prescriptive model and in each case the approach needs to be customised to the needs of the particular culture.

The National Partnership Council of the United States of America cited five principles on which labour management partnership should be based.

1. The workforce should be valued as a full partner in substantive as well as procedural decision-making. This means that unions and companies work together as partners to transform the way companies are structured, work is performed, and services are delivered.
2. Problems are identified and resolved through consensual rather than adversarial methods.
3. Collective bargaining promotes the customers' interest. It promotes partners' ability to deliver high-value goods and services to customers and fosters the company's shared values through innovative approaches.
4. Dispute resolution processes are fair, simple, determinative, fast and inexpensive.
5. Union effectiveness is one of the cornerstones of the productive workplace partnership.

Why adopt a partnership concept?

With increasing acceptance of the fact that the crucial competitive weapon will be the skills and performance of the workforce, emphasis must be placed on greater involvement of employees in matters affecting their work and jobs, through consultation, information sharing and two-way communication procedures. This is all the more necessary in activities requiring the use of skills and knowledge. Greater work involvement is likely to occur in the future for the following reasons.

- Employees at all levels are acquiring higher educational qualifications and skills. As such, they will be less amenable to management through participative forms of management.
- Quality and productivity tend to increase when employees are more involved in arriving at decisions at the point of production.
- For effective decision making in modern enterprises there should be an information flow and analysis of data and information.
- Work today requires and involves more interpersonal skills, greater coordination among workers and sharing of information.
- Participation is a great motivational tool because it gives people a degree of control, recognises personal worth, and provides scope for personal growth.

These are in themselves intrinsic rewards that flow from the performance of a job within a participatory environment. When participation extends to setting goals and objectives, it enhances commitment to achieving them.

Communication and consultation mechanisms and quality of work life programmes referred to below, are all aspects of employee involvement and labour management partnership. The starting point for any effective enterprise policy to install procedures and mechanisms to promote sound employment relations is communication, because it is relevant to a whole range of issues and other matters such as productivity, small group activities, joint consultation, performance management system, and motivation, as well as to organisational performance.

It is only recently that information sharing has come to be seen as strengthening enterprise performance and competitiveness. The performance of an enterprise is affected by the manner in which that enterprise communicates with its employees.

This involves information exchange and not merely one-way communication. The performance of employees in an enterprise is conditioned by the performance of others in the enterprise. Changes in an organisation can be brought about in an effective way where there is sufficient understanding between management and employees. For this purpose two-way communication tends to enhance understanding and co-operation and influence behaviour in a desired direction.

Making available to employees the means of communicating their opinions and problems is also important to forging effective labour management partnerships.
To achieve effective communication in an enterprise it is necessary to develop communication channels not only at the micro level (enterprise) but also at the macro level (working groups). Effective leadership and decision-making are heavily dependent on communication and information flows.

The way people respond to us is often influenced by how we project ourselves and how they perceive us. Projection of a feeling of inferiority or lack of confidence tends to result in others not being receptive to what we wish to communicate, while an image of self-confidence tends to have the opposite effect. But speaking down to people and an image of arrogance create hostility and resentment and is an obstacle to communication.

To be effective, managers and supervisors need to communicate in ways, which have a positive effect, and they must be aware of the various systems of communication and use them to the best advantage. The employer through the development and the motivation of the human resources can improve productivity.

The link between productivity and communication is to be found in the fact that proper productivity management requires concerted or joint action between management and workers. For this reason confidence between management and workers is essential, as is the sharing of information (and not merely “top down” communication). Two-way communication can also promote productivity improvement through innovation and creativity.

Creating an atmosphere of trust is important to promoting increased productivity. If the environment generates mistrust, workers are likely to be suspicious as to whether they are receiving a fair share of the benefits of productivity gains. Without two-way communication workers would not be in a position even to judge whether their share is a fair one.

**The importance of establishing benchmarks:**

In 1997 the International Partnership Association published a review of partnerships working in the UK under the title “New ways” of working in British companies. This assessed progress over the first four years of the “Towards Industrial Partnership” programme and identified a wide range of evidence of good practice.

The 1998 report, The Partnership Company set out a series of benchmarks against which partnership organisations should measure themselves. The benchmarks were drawn up from evidence gathered from eighty businesses in the United Kingdom, based on responses to a quantitative survey of managers and staff representatives. The survey identified strong evidence of employee commitment to:

- Continuous improvement
- Flexibility
- Skill development
- Fairness of treatment
- Long term interests of the organisation
- Workforce representation.

The Involvement Partnership Association’s (IPA) Partnership Company study shows very high levels of employee commitment. Over 90% of those responding to the survey reported that they can attract and retain good employees. It also points to low levels of absenteeism and labour discord among partnership organisations. Tangible business outcomes include better productivity, and ability to retain customers. Progress against the benchmark principles and practices identified in the Partnership Company report has been shown to deliver statistically significant improved outcomes both in terms of employee relations and business performance.

**Section 2 : Conceptual Framework**

There have been many changes since the 1990s in organizational development, management, and consulting. These changes have not occurred in a vacuum. Along with scientific and technological advances, there are major social, economic, and environmental pressures for change. Different terms have been used to describe this change: from modernity to post modernity, from the Industrial to the Information age, from the Machine to the Systems age. But there is little question that we are rapidly shifting toward a very different world.
As many business leaders and consultants point out, in this new world, the old stand-bys of order, control, prediction, and clearly defined tasks are less reliable. In the old machine model of industry, beyond simply operating in the assembly line-like reliable machine-like parts, the only demand made of workers was obedience. In the new world, we speak of pro-active, “empowered” workers, “knowledge workers” who add value by being change-agents.

But even as the world around us is changing, with clear effects on the economy and the workplace, we have to ask ourselves whether we like where it's going. Is there a vision of what a more desirable world might look like? Can we think about this process differently, so that rather than merely “adapt” to what we think is happening in the world, we can actually co-create it in ways that reflect our values, hopes, and aspirations?

**The Partnership/Dominator Template**

Systems and complexity theory suggest shifting our thinking from focusing on isolated objects to their context, from separate parts to relationships. Then the fundamental questions become, what is the nature of those relationships? Are they essentially hostile, win-lose, and domination- submission? Or are they geared towards mutual benefit, co-evolution, and partnership? Eisler (1987, 1995, 1997, Eisler & Loye 1998) have addressed these issues by identifying two contrasting models of social systems: the Dominator Model and the Partnership Model. Dominator systems are fear-based, characterized by rigid hierarchies of domination (where power is equated with giving orders that must be obeyed), an ethos of conquest (including the “conquest of nature”), and a high degree of institutionalised or built-in violence, male domination, and contempt for “soft” or stereotypically feminine values. Partnership systems are trust-based, and characterized by equalitarianism and “flatter” organization, flexible hierarchies of actualisation (where power is guided by values such as caring and trust), by a nature based spirituality, a low degree of violence built into the system, and gender equality and equity.

The old organizational model of the “well-oiled machine” represented the mechanical, clockwork universe that we associate with the Industrial Age. But this mechanical universe was about more than just machines. It was also a universe patterned after the dominator model.

It was a universe in which the men at the top of the organizational hierarchy dominated those below them, men dominated women, fear was the major motivator for workers, and industrial machines were essentially war machines designed to do “battle” with the competition. Like the foot soldiers of the pre-industrial age, the majority of workers were expected to use their bodies to do whatever they were ordered to do. They were not supposed to think, much less change the orders they received in any way. And there was no place for stereotypically feminine values such as caring and nurturing.

Today, this “command-and-control” model is not only inappropriate; it is becoming increasingly dysfunctional. Bureaucratic rigidity is deadly for organizations that wish to navigate successfully in a rapidly changing environment where innovation and flexibility are key factors. Furthermore, today’s citizens of a democratic country cannot (and should not) be treated in ways that reduce them to being cogs in a machine.

The shift to partnership systems is essential if we are to bring about the changes in organizations and society at large needed for the 21st century. There will inevitably be changes, but unless we address the overarching values and organizational framework, there will be no systemic change in the direction needed. There will continue to be talk about a shift from rigid hierarchies to more flexible hierarchies. But even the flattest organization will still be racked by dominator power games in which individuals vie to “be on top.” Unless a viable alternative to the framework of domination can be articulated and applied, there will be no shift towards an alternative mindset and alternative behaviours.

**Towards Partnership Organisations**

Using the conceptual framework of Eisler’s cultural transformation theory (Eisler 1987, 1995, 1997, 1998; Eisler & Loye 1998), we can see that much of what is happening today is the conflict between a shift towards partnership systems, countered by dominator resistance. We can also see that much that is today being advocated in the organizational development field is a move toward an overarching partnership model.

1. **Flatter, less rigid hierarchical organizations.**

As the economic and social environment becomes ever more complex and rapidly changing, the rigid bureaucratic structures of bygone days have become maladaptive. Innovation, flexibility, and individual initiative were inhibited by such structures, which were designed to mass manufacture standardized
products that were usually not subject to plentiful competition and did not need to reflect the at times fickle tastes of the public. (In Henry Ford’s famous dictum, “They can have any colour as long as it's black.”) As many management experts have emphasized, what is needed are flatter organizational structures.

However, this is a critical point about the partnership model, the change towards flatter organizations should not lead us to believe that hierarchy itself is outdated or only found in dominator systems, and that we should now completely abolish hierarchies of any kind. We have to be careful not to engage in oppositional thinking, and immediately reject any concept or practice associated with the dominator system in favour of its exact opposite. As noted earlier, Eisler specifically differentiates between hierarchies of domination, which are driven by the desire to control and oppress, and hierarchies of actualisation, which support a greater unfolding of potential.

2. Change in the role of manager, from “the cop” to a facilitator, supportive role.

Whereas in hierarchies of domination the manager’s role is to control subordinates and hand out rewards and punishments on the basis of whether workers perform their explicitly assigned tasks, management consultants today suggest that the role of the manager be more akin to that of a facilitator. The old manager model was clearly based on a military model of the “leader of men,” demanding absolute obedience. But today there is talk of transformational and empowering leadership wherein we expect people to be creative and intelligent, and we treat them as such.

In the partnership model's hierarchies of actualisation rather than domination, the manager’s role is to bring out the best in everyone, to help workers develop their potential. This requires a willingness to mentor, to be supportive as well as task-oriented — and to learn as well as teach, creating a mutual learning loop. Instead of micro managing every step of the process, in partnership management we can speak of outcome-based management. A manager can explain what the desired outcome is, and support her or his team in achieving that outcome in whatever way works best for them. Teams and individuals can develop new and innovative, or simply efficient and convenient, ways of performing their tasks.

This approach to management makes it possible to function in our rapidly changing world. Even more significantly, it leads to much greater creativity. Moreover, it leads to a re-conceptualisation of the nature of power, responsibility, and authority.

3. From Power Over to Power To/With.

An important aspect of the partnership model is the re-conceptualisation of power from Power Over — the power to control and dominate others and our environment — to Power With and Power To; in other words, the capacity to work to achieve goals with others, but not at the expense of others. This is a shift from domination to co-creation, or from coercive power to generative power. Power-over is designed to either work one’s way up the hierarchy of domination or to fend off contenders. It is the single most important contributor to that vast, unspoken shadow that hangs over all organizations: office politics. In a dominator system, most political relationships are viewed in terms of the acquisition of power-over. In partnership systems, the orientation to “power to” or actualising power and “power-with” leads to a very different attitude, one that starts off by asking, “how can we best work together to solve problems?”

4. Teamwork

The dominator organizational structure encouraged isolation of the individual workers. Today teamwork is encouraged, reflecting a shift from isolated workers connected only by an assembly line to interconnected project-teams working on specific functions.

But the current emphasis on teamwork cannot be reconciled with intra-organizational competition between departments, an endemic problem in organizations. If efforts at creating successful teams are not accompanied by a shift from a dominator to a partnership way of relating, most efforts will in fact be doomed.

Working in teams requires great attention to the nature and quality of our relationships as well as a
focused task-orientation. Our social system has historically educated men to focus on tasks and socialized women to be much more sensitive to issues of relationships and to value their importance. In a gender-holistic, partnership organization, both women and men learn to do both, thereby paying the necessary attention to such “intangible,” “non-quantifiable” concerns as feelings, trust, and other stereotypically “feminine” concerns (cf. Moss Kanter, 1993; Rosener, 1995).

5. Diversity

Today workers and managers are increasingly diverse. Sexual harassment, racism, and discrimination of all kinds are still quite prevalent in our organizations, but they are beginning to be addressed: it is finally OK to speak up about these issues. In short, today's workplace has seen an increased awareness of, and sensitivity to, issues of diversity.

From a dominator perspective, diversity is a threat to the order. But from a partnership perspective, diversity is an opportunity for greater creativity, for sharing new perspectives, creating new ideas and relationships and presents possibilities for unusual and generative cross-pollinations. At a more subtle level, the implications of the growing presence of women are even more profound. It requires a rethinking of what the real needs, desires, and capacities of workers are.

Nowhere is this more apparent than with the problems faced by women in the workforce, since it is clear that organizations were not designed with them in mind. Flexi-work, job-sharing, childcare, and parental leave are some of the results of women's increased entry into the workforce. But these matters directly impact both men and women. They also directly impact children — and our future. They call for the redesign of organizations to meet human needs — which will in turn also meet the need of providing the high quality capital needed for the post-industrial economy — a capital that is largely shaped from both psychology and neuroscience, by the quality of care children receive.

6. Gender-balance

In partnership systems, there is a holistic and synergistic view of identity. Individuals are not locked into restrictive, stereotypical gender roles, but free to express all their potential. They can experience and express feelings, thoughts and behaviours they deem appropriate, regardless of how they are gender-specifically categorized. While a fundamental characteristic of partnership systems is that they are gender-balanced and holistic, dominator systems polarize and accentuate socially and historically constructed gender differences, for example, the strong “macho” man, the subservient woman and place male above female. Women and the values they represent, are viewed as inferior to males and the values they represent. Indeed, the dominator system creates “oppositional identities”: men are defined in opposition to women, and vice versa.

This distinction is highly significant for organizational development and management. Research shows that individuals who are not trapped in rigid stereotypical gender roles tend to be more flexible and psychologically healthy. They also tend to find it easier to work with others in teams rather than merely assuming positions in rigid rank orderings, to play management roles that are inspiring and facilitating rather than intimidating and to be innovative and creative.

7. Creativity and Entrepreneurship

In the current business environment it is not sufficient to simply adapt: we must innovate and create. Moreover, using a systems/partnership approach, we can begin to redesign organizations and the role of organizations in society to improve our quality of life.

In dominator systems, there is an ambiguous relationship with creativity: it is viewed a great gift and at the same time potentially enormously disruptive, a threat to the established order. In partnership systems, creativity is both highly valued and rewarded. While partnership creativity does not exclude dramatic creative changes, it also fosters creative relationships and creative approaches to everyday problems.

Partnership creativity includes social, collaborative creativity, not just something reserved for the occasional lone genius (Montuori & Purser, 1995, 1999). We can let go of the idea that creativity only occurs in the rarefied domains of the arts and sciences and apply it where it is perhaps most needed: towards finding alternatives to domination, and the creation of partnership systems.
A systemic, partnership approach to creativity points us beyond an exclusive focus on the “big bang” of product innovation and towards the ongoing process of “everyday creativity.” This means making creative thinking and behaviour a part of our daily lives and infusing every aspect of the organization with creativity to foster continuous improvement and quality — new managerial practices, new rewards, new educational processes, new organizational charts and so forth. It is creativity that can also express itself where women have traditionally been allowed most room to develop, in the area of relationships. It can be channelled into overcoming “office politics.” It can be directed to addressing the challenge outlined above: the “conversion” from domination to partnership, creating new and better systems.

Creativity can go hand-in-hand with calculated risk-taking, in effect creating an entrepreneurial spirit within an enterprise for which the word “intrapreneurship” has been coined. Promoting an environment that encourages and fosters creativity and intrapreneurship can yield high returns for the enterprise, that is, coupled with a satisfying working culture.

What if organizations were to be designed with systemic, and life-enhancing, partnership principles in mind? This would indeed require a fundamental shift in the way we think about and design organizations. Above all, it would require the kind of creativity that is nurtured and supported by the partnership model: the vast and largely untapped reservoir of social creativity and social entrepreneurship.

**Some Pointers to Partnership in Practice**

Creating a partnership organization requires a deep re-organization of our beliefs about what it means to work together. Challenging assumptions is a key ingredient of the creative process, and the Partnership process is in fact a creative process, a creative challenge to draw on all our resources. Along with our own and others’ fundamental assumptions, we also explore the very way we think. We have found that Dominator thinking is polarizing thinking. It leads to the kind of thinking that does not allow for possibilities beyond either/or and all/nothing. Polarizing blocks us from exploring possibilities beyond black or white and prevents us from making creative changes.

**Mental Traps**

In our experience, most people are eager to embrace the core idea of partnership and reject the dominator system. However, although they may welcome the Partnership principles, they get stuck on basic misconceptions or “myths” about what Partnership really is in practice. For instance, during group exercises in workshops some people say things like, “I could see my group was going around in circles, that we were just spinning our wheels, but I didn't want to jump in because I didn't want to be a dominator.” Or, “Our group doesn't have any kind of leader or hierarchy. We do everything by consensus.” This is polarized thinking. It is driven by all/nothing and either/or: either we have a leader, or we do everything by consensus; all hierarchy is bad, therefore we must completely eliminate any form of hierarchy whatsoever; ALL assertive behaviour is Dominator behaviour. This kind of thinking does not allow the possibility of being assertive without being a Dominator, or of establishing a hierarchy based on priorities, or on appropriateness for a particular task, or on competence. It cuts off creativity.

We invite them to challenge their own assumptions and explore their thinking not only about the Dominator system, but also about the Partnership system, because as we have seen, sometimes it is hard to see into the real-life implications of Partnership if we're stuck in a polarizing Dominator logic. Some basic and common misconceptions include:

**Myth:**
It’s a dog-eat-dog world and there’s nothing we can do about it.

**Reality:**
The world is what we make it and human relations are socially constructed. There are many different ways for humans to interact, which, based on Eisler’s template, can be summarized as either dominator or partnership ways.

**Myth:**
There is no hierarchy in the partnership organization.

**Reality:**
An organisation is like a human being. It has an anatomy (the organisational structure with its hierarchy), a
physiology (the way the organisation functions) and a soul (work attitudes, morale and motivation). It is these last two attributes that distinguish a partnership organisation from a traditional one, though like the latter, it still functions within a given hierarchical structure.

**Myth:** Partnership is just working together; it means alliances, or collaboration.

**Reality:** Collaboration occurs in both partnership and dominator systems, but patterned differently in each. Partnership collaboration stresses mutual benefit—and not just to the collaborators, but also to those affected by the collaboration (the Nazis collaborated very well, for instance, but not for the benefit of all).

**Myth:** In partnership everything is done by consensus.

**Reality:** Doing everything by consensus can lead to more subtle but just as pervasive forms of domination. Partnership requires give and take. Compromise can be creative.

**Myth:** In partnership there is no conflict, no differences.

**Reality:** There are always differences and conflicts. But how they are viewed and dealt with are different in a Dominator or Partnership context. In the former conflicts are about eliminating one of the two parties. In the latter, conflict is viewed as a potential source for creativity. It is important to point out that there is no specific recipe for Partnership. As we suggest above, there are guiding principles, but how Partnership manifests is ultimately the result of the individual and collective creativity of the individuals involved. Creating a space for that creativity to manifest—both interpersonally and intra-personally, in the way we think and feel—is the vital step.

**Behavioural Patterns**

When we ask people to remember their “Best and Worst Workplace Experiences,” the best usually has all the characteristics of a partnership experience and the worst is more often than not an experience bearing all the hallmarks of a dominator system and behaviour. This allows people to see that partnership is something that they have experienced, in some form or other and makes it more real.

Many people assume that creating partnership organizations requires huge transformations, changes in leadership and massive amounts of “consciousness-raising”, perhaps. This can initially be quite discouraging. No organization will orient completely to the partnership or dominator model. It is always a matter of degree. Our research shows that although it is important to focus on the macro-dimension of organizational change, there is also a micro-dimension, and that this “everyday” world of interactions is not only a crucial place to create partnership, but it is in fact where we live! In other words, the day-to-day interactions at work are exactly what we need to focus on most, because our work life is made up of just that-day-to-day interaction with co-workers, subordinates, clients, and so on. Keeping the macro-picture in mind, including global context and structural and systemic issues and remaining aware of the basic difference between the Dominator and Partnership difference while working on micro-activities is a form of thinking globally and acting locally.

In order to show people that partnership can start here and now, we ask people to think about and make a list of a dozen or so small workplace experiences that are examples of partnership versus dominator behaviours. One way to do this is by having people list “random acts of kindness,” and “random acts of unkindness.” These are purposely small and almost insignificant events and behaviours—ranging from a smile, to a kind word, to being brushed off or treated with subtle disrespect at a meeting. They can be behaviours associated with the example used for Best Workplace Experiences. What were people doing, specifically? Not doing? How were they relating to each other? How did it make you feel? We encourage people to think about how these kinds of “micro-behaviours” make a huge difference in our day-to-day experience. Our point is that these behaviours are not random, in one important sense. They either prop up the dominator system, or help create partnership. We also encourage people to pay more attention to these behaviours in themselves and in others—to acknowledge behaviour of others that they find conducive to partnership—and to engage in more themselves.

Most people are very surprised to find the extent to which small behaviours make a big difference. Although the prospect of creating a Partnership organization may appear daunting at first, it's actually easy to make
the first step, and to draw on our reservoir of positive experiences to spread more of them around.

The great psychologist Abraham Maslow (1998) used to say that when he would discuss peak experiences with his students, they all spontaneously started having more, simply because they focused their attention on them. This is a very interesting comment, because it suggests that most of the time our minds are simply not open to considering peak experiences, and our attention is focused on that which pulls us away from them. In the same way, through the media focus on violence and certain forms of gossiping and patterns of attention, we tend to focus more on Dominator-like behaviour than on recognizing (and reciprocating) Partnership-like behaviour. Beginning to recognize and acknowledge Partnership in us and in others, and finding creative alternatives for Dominator thinking and behaviours is a first step towards building a Partnership organization.

**Section 3: Forms of Labour Management Partnerships**

Labour-management partnerships may be expressed in various forms and may be dependent on what the partners desire and the particular environment conducive to effectiveness and sustainability. Whilst there are many from which to choose the most common forms of partnerships are those that are practiced in Europe, North America and the Caribbean, with creditable successes.

1. Employee involvement in decision making through work council or worker/management committees, and individual employee involvement in shop floor decision-making.
2. Financial participation - in profit sharing, employee share ownership plans, participatory productivity involvement schemes.
3. Employee representation at the Board level.

In consideration of any or all of the above it is very important that the following objectives be made paramount.

   a. The promotion of greater efficiency and productivity in the operation of the enterprise.
   b. Creating the appropriate culture conducive to the promotion and effectiveness of employee involvement to suit particular needs as determined by management and workers.
   c. The development of a system of partnership through which working people will have a much more extensive say in the decisions which govern their every day working life.

With regards to (a) it is to be recognised that capacity building will be to a large extent driven by a high degree of professional management, humanely exercised by those who manage and willingly recognised and supported by those who are managed.

Labour management partnership is not intended to abolish management functions in the operation of an enterprise. In fact, such functions must continue to cover responsibility for implementing overall objectives, which have been agreed upon and in turn implies the retention of the need for technical management skills to be utilised in the taking of certain kinds of decisions.

The relations in a system, which requires the exercise of authority by one set of functionaries over another set of functionaries, have to remain a basis for work performance. However, the principle of joint agreement on such procedures by all functionaries must be at the heart of labour-management partnership which means that the legitimacy of such authority is to be firmly rooted in mutual agreement, mutual trust and mutual respect among all employees of a given enterprise.

**Employee Involvement**

This form of partnership is designed to give workers access to consultation on key decisions affecting their work life collectively or individually depending on the nature and circumstances. Under this form of partnership, managers provide regular reports on individual as well as company wide performance.

These reports need to provide details of actual performance against agreed standards and performance objectives, current and future business plans, production and sales levels, implications of these for the workforce, management changes, mergers, divestments, potential closures and layoffs. Upon understanding the information given in these reports, employees and their union representatives may call for the postponement of management decisions (where it is practical and necessary) that could result in large-scale job losses or plant closures so as to allow for full consultation of workers.
Workers on the other hand should be encouraged to take risks, to speak up, to take initiatives, and make decisions. Workers dislike being uncertain about what a manager or a boss is thinking. They want to know how their work is being assessed and what is going on in the company as a whole. They want their manager to give them helpful and constructive feedback at the appropriate time. They also want to be able to share their ideas and offer suggestions for improvements, with the full knowledge that the manager or boss will listen and genuinely take on board what they have said. There are however, some workers who may not be interested in doing anything else than their assigned duties while leaving the manager to manage as he sees fit. Under such circumstance the manager should still afford the employee the opportunity to participate in no less a manner than those employees who are willing to be involved.

Such employee involvement can be achieved through the setting up of work council or worker/management committees or by managers as a matter of course, getting their employees involved in shop floor decisions and soliciting necessary feedback on work activities.

Worker councils or worker/management committees usually comprise of equal numbers of workers and management representatives. Meetings are usually held periodically (i.e. once quarterly) and centred around issues that are not considered part of the collective bargaining procedure, for example grievances. These meetings are proactive and are essentially seeking to find workable solutions to issues before they become potential problems as well as providing an opportunity to share information and solicit feedback to and from workers.

Empowerment & Delegation

Shared decision making can improve the quality and acceptance of decisions, bolster motivation and self-esteem, increase sense of ownership and improve interpersonal relations with employees. A manager asked why his workers came directly to him with their problems and questions, bypassing his supervisor. On reflection, the manager realised that he was encouraging this behaviour by answering questions and solving problems for the employees. Instead, he needed to support his supervisor by having employees go to him with these matters.

It is however important to maintain a balance. While workers should feel a need to work out day-to-day issues directly with the manager, the door should be left open for workers to believe that the manager can listen to them too. At a small company, the general manager made it clear to the employees that his door was open to listen if they ever needed to talk. As soon as the manager left, the supervisor would close that door, by telling employees that they were not to ever bother the manager.

Delegation and empowerment work best when it is done in small increments. In an effort to get some of that empowerment into personnel, where employees will see things with managerial eyes, sometimes managers will over delegate. And when the employees fail, much of this newly given responsibility is taken away. Instead, as the employee succeeds at increasingly difficult tasks, more can be delegated. When delegating, it is a wonderful feeling to know the employee will do the job just as well, if not better, than you would. To accomplish this, the supervisor needs to test for employee understanding before delegating.

Involving Workers in Decision Making:

Decision-making is the crux of management in any enterprise. In most business organisations, responsibilities are divided between “those who think” and “those who do.” Though some managers engage in some “doing” than the average executive, often they also carry the whole thinking load. A strict separation of manager and employee roles sends the message to workers that they are only responsible for what they are specifically told to do. But how much stock might be saved, damage avoided, spoilage reduced, and work improvement generated if the minds connected to all those hired hands were tapped? Involving people in decision-making transfers power to subordinates. Some managers think failing to maintain tight control may be seen as a sign of weakness. Others simply find their use of authority very satisfying. Still there are other managers who are concerned their subordinates would not make decisions or discharge responsibilities well. The next case shows how a company can benefit tremendously from its employees’ creativity and commitment.
Levels of Involvement:

A manager may usefully include others in virtually every decision. When and to what extents to involve workers are key management choices. There are several approaches to decision making. At one extreme is the traditional use of managerial authority in decision-making or the “boss-centred” style. At the opposite extreme is a management style with high worker involvement, an “employee-centred” style. Within this continuum there are several approaches.

i. Tell them: The manager makes the decision and announces it. He identifies a problem, considers alternative solutions, chooses one, and then reports it to subordinates as an order for implementation. He may or may not consider what employees will think about the decision. In any case, he provides no chance for them to participate in the decision making process.

ii. Sell them: The manager/supervisor makes the decision and explains her reasoning to employees in an effort to gain their acceptance. She takes responsibility for identifying the problem and generating the solution, but she recognises the possibility of some resistance among those who will have to execute it.

iii. Check with them: The manager/supervisor presents his decision as an idea and invites questions and comments. Here the boss has arrived at a tentative decision but provides an explanation of his thinking and gives subordinates an opportunity to influence it. He retains the initiative for diagnosing the problem and the final decision for himself but solicits reactions from affected employees: “I am thinking of buying that new XL machine. It has plenty of power for the money and Mitsubishi says it has been very reliable. What do you think, given what we have to use it for?”

iv. Include them: The boss presents a problem, asks employees for ideas and suggestions, and then makes her decision. Again, the manager/supervisor ultimately decides, but the employees provide and analyse much of the information on which the decision is based. The boss benefits from their knowledge and experience. “Our records show we had twice as many back injuries during harvest this year as in any of the previous five. Why do you think it happened, and what can I do about it for the next year?”

v. Involve them: The manager/supervisor passes to employees the decision-making responsibility. He points to a problem, outlines constraints on solutions, and essentially commits himself to accepting whatever the employees decide within prescribed boundaries. The employees diagnose the problem and consider alternative ways of handling it. If the boss participates in the decision making process, he does so as an equal member of the group involved: “We’ve got to clear all sections by Wednesday, and only six of our rigs are working. Let me know if you guys can possibly get it done, how, and what extra expenses we’ll have to incur.”

Regardless of the approach, the manager/supervisor needs to carefully communicate with subordinates about their role in the decision process. For example, a manager/supervisor may only want to check out a decision he intends to make himself, but workers get the idea he is delegating the responsibility to them. Confusion and resentment are likely to follow.

Of even greater difficulty is the manager/supervisor who knows exactly what he wants and tries using a “democratic front” to get workers to think his idea is theirs. Most people can smell that act coming a long distance away. Even if he wants to involve employees as much as possible, a manager/supervisor cannot delegate any more responsibility than he has from his own boss. Clear limits need to be set. Of course, employees will lose their taste for involvement if no action results from the decision they help formulate. Several factors bear on the desirability of the various alternatives. In general, they can be grouped as attributes of the manager/supervisor, the employee(s), or the situation.

Attributes of the manager/ supervisor:

A manager/supervisor’s own beliefs and personality usually predispose her to favour more or less employee involvement.

i. Value system. Some managers/supervisors strongly believe employees should participate in decisions affecting them. Others feel involving workers in management work is passing the buck. Such views obviously influence the approach to decision making. Another key value question is the relative importance the supervisor attaches to short-term efficiency and long-term employee development. The latter is more consistently served by involvement.

ii. Need for control and certainty. When a manager/supervisor releases some control over decision-making, he reduces the predictability of its outcome. Managers/supervisors with more tolerance for
ambiguity and surprise are more comfortable delegating than their risk-averse counterparts.

iii. Leadership habits and inclinations. Some managers/supervisors function more naturally as highly directive leaders. Resolving problems and issuing orders come easily to them. Others are more comfortable and experienced in sharing their work with subordinates. Some managers/supervisors perpetuate styles they learnt earlier in their careers.

iv. Confidence in subordinates. Managers/supervisors who have more trust in other people generally and in their subordinates specifically, are better able to solicit and effectively utilise employee participation in decision-making.

Attributes of the employee:

A manager/supervisor’s confidence in his workers may depend partly on his general inclinations but certainly ought also to be based upon employee ability and interest. Most workers enjoy responsibility if they are given the training, materials, time and freedom to act.

Some employees blame everyone but themselves when things go wrong. Others may only pretend to follow instructions. With their look or voice they may say, “See, it doesn’t work.” Some workers may try making the manager/supervisor feel guilty for delegating a task. One employee, for instance, scared his supervisors into not assigning jobs to him with such comments as, “what, you want me to drop everything and do it right now?” Effective interpersonal skills are critical when dealing with employees, especially when difficulties arise.

Individuals respond differently to decision-making opportunities. It is crucial to remember, however, that most employees are capable of significantly expanding their skills. How they develop is partly influenced by their supervisor’s expectations. Involving employees is usually more productive if workers possess:

i. Knowledge and experience relevant to the issue at hand.
ii. Interest in the issue and appreciation of its importance.
iii. Have understanding and overall agreement of the goals of the business.
iv. Desire for autonomy, responsibility and growth.
v. Tolerance for uncertainty and ambiguity, as opposed to need for firm structure.
vi. Previous involvement in decision-making.

Attributes of the situation:

The appropriate approach varies with the situation. The problem itself: More involvement is called for when (a) information relevant to the problem is widely dispersed in the organisation, and (b) employee acceptance is critical to the implementation of whatever decision is made. Identifying the cause of a rash of equipment breakdowns cannot be done in the comfort of one’s office. Complex decisions require broader involvement, but simple ones may be delegated directly to those employees who have the necessary information. Who is better situated than the truck driver to decide when to fill its gas tank?

Follow through:

Delegated activities often fail because of lack of follow through. It helps if managers/supervisors make regular note of those situations that may require a possible follow up call or reminder. Whether delegating menial jobs or high-powered decision-making assignments, there are some basic requirements. At the very least, employees need to understand clearly what is expected of them and when their assignments are due to be completed.

Financial Partnership Schemes

The second form of partnership is to allow a company’s employees to participate in its profits. Such schemes may apply to a section of the workforce, usually senior managers, or all staff. Schemes that apply to the entire workforce are to be encouraged.

Profit sharing:

The sharing of profits by providers of both capital and labour, by giving employees, in addition to a fixed wage, a variable income directly linked to profits. The measurements and the amounts can be arrived at through the process of negotiations or written company policy/procedures. The profit sharing approach has
a great deal of promise as a stimulus to greater levels of productivity and as a method of worker education in the finances of production and marketing in the company. Income to be earned from profit sharing should be in addition to, rather than a substitute for, normal increases in wages and salaries. It is ill advised for profit sharing schemes to be allowed to degenerate into bonus payments that are expected and demanded at the end of the year regardless of productivity.

**Employee share ownership plan:**

Employee participation in company results in an indirect way, i.e. on the basis of participation in ownership, either by receiving dividends, or the appreciation of employee-owned capital after the selling of shares, or a combination of the two.

**Share options:**

Employees are given the option of buying company shares (usually at a reduced market price at the time the option is granted) for a specified period of time. In the past such schemes have targeted senior management, however they are increasingly being offered more widely.

**Participatory productivity involvement schemes:**

Where companies seek to reduce their cost of production to increase their profit position or revenue expenditure ratio, it is advisable for agreement to be made with workers to share the savings that accrue from cost reduction efforts which workers might initiate and organise in such a cost control drive. Such sharing would be done on a departmental basis rather than a company-wide basis as is advisable in the case of profit sharing. This cost reduction approach can be seen as an alternative to profit sharing. For enterprises in a weak profit or loss position the cost reduction bonus is most ideal especially for small enterprises with say not more than 100 employees where there is likely close face-to-face relationships throughout the company.

In all cases workers’ representatives (including their union) should negotiate the mix of methods with management but that there be an implementing committee with the enterprise with majority workers membership assigned to the task of monitoring the method selected. The key to success lies in developing worker-leadership who can comprehend, interpret, defend and support the particular instrument of change selected. But this leadership must be trained; the democratic process must also select it.

**Board level participation:**

One argument often heard is for worker participation at the Board level. This involves further institutionalisation extending the trade union influence to the high, inner realms of organisational decision-making. For employee representatives to influence company policy – this would have to be at points where strategic decisions are made. The following issues are likely to be raised.

- Their competencies as strategic thinkers.
- Ability to keep business commercial secrets/confidences – trade union also represent staff in other businesses, some are competitors.
- If the strategic decision involves closures or investing in machinery to reduce staff – trade unions representatives face major dilemmas, which are in contradiction to their essential purposes.

Top policy-making in the tradition of Caribbean enterprises means the activity and functions performed in private enterprise or quasi-government institutions by the Board of Directors. Company law and entrepreneurial practice have firmly established a connexion between ownership (largely through shareholding) and the right to participate in top policy decision-making.

The attempt to invest workers with this right by the distribution of shares among this class of employee has never proved satisfactory. The call by the trade unions to recognise the workers as having a stake (their labour) in a given company and therefore eligible for involvement in top decision-making is still alien to Caribbean people’s understanding of existing jurisprudence in the operation of companies. Any discussion on the means and institutions through which workers might participate in top policy-making must therefore turn on the questions of the representation of workers on Boards of Directors and the state of the company law in each territory.
The Stone survey (1975) revealed overwhelming support by workers for the idea of representation on the Board of Directors. The reasons given reflected the view dominant among the Jamaican working class that real power inherent is in the Board of Directors. This in itself is an under-estimation of the real power of the management cadre working in the company and operating merely at another level of top policy-making.

The Stone survey concludes, "Workers clearly operate under the miss-conception that Board level decision-making can have critical inputs and influences in affecting those issues that are close to workers' interests and welfare. (For) most of these relevant policy and management decisions... are made by top management in exercising executive functions." The workers however, are aware that in many enterprises there is an organic link between top management and Board directorate since top managers are often directors of the Board. This representation provides top management with a concentration of power that has telling effects in the performance of executive duties at the workplace.

It is interesting to note that in the Stone survey, workers felt that membership of the Board would guarantee the workers access to information – no doubt the information that would make worker involvement at a lower level meaningful and effective. The support by workers for Board representation therefore carries with it logic rooted in considerations which are both practical and reflective of the need for status. This is all the reason why token representation of workers on Boards of Directors could be self-defeating. The Stone's survey, with good reason concludes that

"Board level representation of workers on the basis of a junior partnership or minority status will not only encourage illusions of enhanced policy influence but lead to a view of this device as a means of co-optation and status absorption of rank and file workers into board room lackeys set up to sell out the workers' interests."

This also raises the question as to the nature of worker representation at this level of decision-making. Worker here covers both unionised and non-unionised employees. In the experience of countries outside the Caribbean region, nothing short of parity of representation in some industries or companies between workers and management is regarded as useful. There are other instances where a one-third independent outsider seems to satisfy the needs. The lesson to be learnt is that institutions devised to involve workers in making top policy decisions should reflect a substantial and effective representation of workers on them.

The practice of having worker representatives on Board of Directors is perhaps limited to statutory organisations in the Caribbean and where they exist represent a mere tokenism. However, in the private sector there are instances where a number of directors are drawn from members of the executive management team commonly known as working directors or executive directors. This type of board representative may not be considered appropriate within the context of real labour management partnership, nonetheless it has to a large extent contributed to the process of labour-management partnership in so far as they represent the human capital (even though they may be senior-employees). According to Sir Roy Trotman, “Private sector companies desirous of developing this form of partnership may wish to examine the basis of its corporate governance and ensure that who it recognises as stakeholders are represented on its Board of Directors.”

In order to make employee representative on the Board of Directors truly effective (and not a mere tokenism), the organisation needs to go through a process of corporate renewal, fundamental cultural change, sustained educational programmes and well developed selection criterion. If we were to achieve this, then the Caribbean would most certainly be a revolutionary pioneer in corporate governance and this form of labour-management partnership in particular.

Section 4: Examples of Partnerships

The Case Studies mentioned below, illustrate the benefits that can accrue when partnership is put into practice. The first two cases are of companies operating in the USA and Europe respectively. The remaining three cases are drawn from the Caribbean.

- **Case 1: Management & union work collectively, not separately -The Levi Strauss Experience** (Levi Strauss)
- **Case 2: Achieving corporate success through an employee involvement programme at Trimo Trebnje**
Section 4: Case 1: Management & union work collectively, not separately - The Levi Strauss Experience

Levi Strauss of Brownsville, Texas United States of America (U.S.A.) and the Union of Needle Traders, Industrial and Textile Employees (UNITE) are part of a labour intensive industry with a traditionally low-paid workforce. The two groups entered their partnership during a period of high pressure in the industry and one in which jobs were threatened. Levi Strauss is the largest apparel manufacturer in the world with 31 facilities, 14 of which are represented by UNITE. The union, Steve Weingarten (Director of industry development, UNITE) frankly admitted, “was weak”. “We had fewer than half their plants organised; the company had been running a sophisticated anti-union strategy for decades and had successfully created an anti-union culture in a lot of their non-union plants”. Management had marginalized the unions from a lot of major decisions. “We had a workable relationship in terms of existing UNITE facilities, so contracts could be bargained, but sometimes the labour relationship was “tense and bitter”.

Forging a Partnership

The company was making major changes in the core manufacturing processes in all of the plants, so changing the labour-management relationship was embarked upon during a period of major change and stress. For days the two groups sat down together; before meeting, each side had done its homework and was prepared to “pin things down”. The biggest breakthrough that resulted from the meeting, Weingarten says, was the common realization that the partnership had to create opportunities. Both parties agreed that if they “pin things down today, they’ll be obsolete tomorrow anyway”.

Labour and management left the first meeting with common objectives:

- Both organisations have legitimate goals, different values, and different cultures. The partnership had to validate and support both groups.
- They made a joint commitment to changing the role of plant workers by getting them more involved in decision-making.
- Each party had to have mutual influence at the strategic level re the bargaining structure.

Organising and union membership were the most contentious areas for the two sides. The non-union plants came up with a unique “and ever-changing” agreement on organising, which basically said that:

- There was a joint interest in changing anti-union messages of the past by giving people an understanding of what the union is and a free and fair chance to join the union based on a thorough education.
- The union would go in as a part of the workplace redesign and be given the chance to organise.

Issues and Themes

An important issue the partnership has had to address is job security. Both sides recognised that there are very real threats to the viability of domestic manufacturing and potential plant closing issues. The company did not want to commit to plant-closing agreements, but the parties did agree that if there’s a recognition of a threat to a facility that [the union] will have time, resources, etc., to deal with that threat and to look for any and all possible solutions that would prevent facility closure.

Several themes have emerged from the partnership efforts, Weingarten says:

- The union has found that it needs to build union and local leadership skills. Local leaders have to learn how to understand plant budgets. Many leaders at the local levels have come up through the ranks from the sewing floor and are entering new and difficult terrain in which the range of responsibilities is vast.
- The company recognises that strengthening the union must be part of the process. A weak partner is no partner at all.
- The business challenges are enormous. The company has reorganised. Everyone in management has had to change jobs. There is increasing pressure to make plants competitive and have a more effective supply chain. The credibility of the partnership is being tested in a climate where short-term pressures can override goals of a long-term partnership.

In describing management’s overview before the partnership, Mike Castro, Process Leader, describes an environment that promoted clashes and arguments, a “cuss and fuss” negotiating climate. He says that part of a manager’s overall performance rating was tied into how a manager performed against the number of
grievances filed, so the adversarial climate was built into the evaluation system. He admits that in the non-union facilities, there was an “unwritten rule” to try to keep the unions out, and there were frequent heated battles at the organised facilities.

In 1997, management recognised the need to change and to become more global in outlook. After a retreat in California, they “came down from the mountain”, as Castro describes it, with an “inspiration statement”, which was the beginning of the partnership.

The biggest plus, says Castro, has been increased and broader employee involvement at all levels. “We have changed as a company”, he adds – management and union - “and thanks to union efforts, we were able to highlight deficiencies, even in some of the staff people”. Other benefits are:

- The union holds management accountable for employee involvement even in the non-union facilities. Management has to listen to what employees are saying.
- The business has been taken to a whole new level. Both parties had to deal with cost-reduction constraints (reducing plant costs by about 30 percent). Management could not do this alone; the union had to join in producing the best, least-expensive product possible.

Section 4: Case 2: Achieving corporate success through an employee involvement programme at Trimo Trebnje

Before Slovenia became independent in 1991, Trimo produced metal elements and equipment made from rustproof metal for the Yugoslav market and some third world countries. However, as a result of the economic and political turmoil following the break-up of Yugoslavia, Trimo lost most of its Yugoslav market and had to try to penetrate the more demanding Western European markets. Entry to these markets required higher product quality, which, in turn, demanded some fundamental changes in corporate philosophy and values.

Today Trimo is the leading company in Europe for the production of construction panels filled with mineral wool. It is present in 13 countries, most of which are members of the European Union. Trimo is an extremely successful company, as shown in table 1.

Table 1: Trimo performance data (financial data in 1,000 toolars, fixed prices as of 1994)

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td>565</td>
<td>512</td>
<td>428</td>
<td>405</td>
<td>411</td>
<td>418</td>
</tr>
<tr>
<td>Revenue per employee</td>
<td>7,481</td>
<td>8,585</td>
<td>10,756</td>
<td>11,259</td>
<td>12,521</td>
<td>17,534</td>
</tr>
<tr>
<td>Profit per employee</td>
<td>33</td>
<td>58</td>
<td>195</td>
<td>202</td>
<td>235</td>
<td>539</td>
</tr>
<tr>
<td>Value added per employee</td>
<td>1,588</td>
<td>1,866</td>
<td>2,559</td>
<td>2,608</td>
<td>2,688</td>
<td>3,600</td>
</tr>
</tbody>
</table>

Note: The average exchange rate in 1994 of 1 euro = 1.2 US dollars; value added = revenues - material costs - costs of services - depreciation + (-) value of product inventories.

Trimo’s goal and management principles

The first response to a crisis the company experienced in the early 1990s was a change in top management. Ms. Tatjana Fink, who took over the position of General Manager with a new management team, immediately realized that no success could be achieved unless the company reviewed its goals and management principles. The company’s management formulated a visionary new Trimo goal “To become the leading producer of prefabricated buildings in Europe by 2010”. Primary emphasis was put on customer satisfaction. A new company motto was put forward: “A satisfied customer brings in the biggest profit”. It was further recognised that in order to satisfy customer needs, Trimo had to combine cost leadership and quality strategies, i.e., produce higher quality products at a lower cost. Management realised that this
objective could be achieved only if the company tapped the skills and creativity of all its employees by stimulating the constant generation of new ideas for improving the quality of Trimo products, and at the same time, improving technological processes in order to reduce costs and increase efficiency. One of Trimo’s core values, stated in corporate documents, emphasizes that: “employees are the source of energy and ideas for Trimo. All employees contribute to success.” Ms. Fink echoes this statement: “People are our key resource. You can buy or make technology and getting capital for good projects is not a problem.”

These management principles were immediately communicated to all Trimo employees and the goal was achieved through training, information sharing, and employees’ involvement. In addition to traditional formal and on-the-job training, Trimo has introduced an extensive training programme aimed at explaining the company goal and management principles. Trimo’s trade union representative explains: “Each employee had to know why the changes in his/her work environment were needed and why they were significant. Otherwise (workers) felt they were being forced into accepting some ideas from supervisors, that often looked unreasonable to them.”

Intense communication and training, coupled with managers leading by example, made workers understand the importance of changes for the survival of the company and for preserving their jobs. Realization of the new company goals and principles led to a situation where employees requested more training. For example, in 1998 as many as 96% of employees expressed a desire to participate in training programmes. More than half the training is done voluntarily, after regular working hours. Through successful training programmes, Trimo has created a multifunctional workforce: more than half the employees are qualified to work in two or more areas.

Trimo’s management believes that the fast and open flow of information throughout the organisation is a key to success. This is achieved through teamwork, which allows people to share information and ideas. Besides permanent work teams, Trimo also formed some occasional teams comprised of employees from different parts of the organisation. An important tool for information sharing is the so-called “Trimo Dialogue”. This started as part of the annual performance review meeting between a worker and a supervisor. Later it became a policy that allows any Trimo employee to set up a meeting with any other Trimo employee to discuss any work related issues.

### Table 2:
**Number of PCI projects and participants from 1996 to 1999**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Projects</th>
<th>Number Employees Involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>31</td>
<td>86</td>
</tr>
<tr>
<td>1997</td>
<td>23</td>
<td>66</td>
</tr>
<tr>
<td>1998</td>
<td>51</td>
<td>126</td>
</tr>
<tr>
<td>1999</td>
<td>59</td>
<td>202</td>
</tr>
</tbody>
</table>

Source: Trimo Business Report

Trimo’s success is grounded in two programmes of employee involvement that exist within the organisation – the process of continuous improvement (PCI) and the process of continuous care for property (PCCP).

**Process of continuous improvement (PCI)**

The PCI project, started in 1995, is based on the following assumption expressed in Trimo’s corporate documents: “What is excellent today is not excellent tomorrow, and our job is to make the excellence of tomorrow better than the excellent today.” PCI started as a management attempt to encourage workers to become actively involved in quality and efficiency improvements by giving suggestions and initiating possible process and product improvements. Now PCI is the name of a number of projects that can vary in size and business area. Every employee can and is expected to start a PCI by making a suggestion for improvement to the company management, either personally or through the supervisor or representative. The formal methodology of PCI ensures that every suggestion is recorded and later discussed at a meeting of Trimo’s top management team. Each approved suggestion is developed into a
project with specific goals, assignments, an action plan and deadlines. The person who proposed the improvement can also suggest a team of workers to be assigned to the project. Such a team usually consists of four to eight people from different organisational units and job positions. A special committee appointed by management assesses all PCI project results and at the end of the year, the best are rewarded.

As can be seen in table 2, the number of PCI projects and people involved are constantly increasing. In 1999 almost half (202 out of 418) of Trimo employees were actively involved in at least one PCI project.

In 1999 alone PCI enabled the company to save an estimated 45 million toilers (about 300,000 euro).

**Process of continuous care for property (PCCP)**

Each of Trimo’s tangible assets (office, equipment, inventory) is assigned to a particular employee, whose responsibility is to keep this asset in the best possible condition. Designated employees carry out regular inspections of ‘their’ property and are required to submit reports on a regular basis. Their work is inspected every month and reported to top management. The delegation of responsibility for corporate property is a form of employee involvement (empowerment) and aims at achieving higher quality products and enhancing employees’ commitment to the organization.

**Section 4: How Relevant is Labour Management Partnership to the Caribbean?**

**Labour-management Relationship put in perspective**

The growing importance of labour-management partnership as a method of work organisation and operation reflects the universal concern with the re-humanisation of the work process in circumstances and conditions which have fostered the almost total alienation of the worker not only from his work environment but in some cases even from the skills he possesses. This is of even greater importance in the Commonwealth Caribbean where plantation history has left a legacy of deprivation among those who sell their labour and of authoritarianism in the management practices of the workplace, a disproportionate emphasis on property, a system of relationships which stresses the superiority at the expense of the human resources employed to work that property, a system of relationships which stresses the superiority of the boss and the inferiority of the workman, a sense of powerlessness among the non-management staff at the workplace and finally the adverse consequences of these phenomena. Not least among these are the almost instinctive distrust by workers of management, the reinforcement of deeply entrenched class distinctions which inform relations within and outside the workplace, the sometimes perverse response by workers to this system and the strong emphasis on a reflex adversary role through the trade unions even when the unions would wish to play a constructive creative participative role and the absence of efficiency and low productivity in many an undertaking.

Within the last two decades, many Caribbean enterprises have taken the initiative in looking seriously at the human resources management system as it operates in their individual undertaking. Many top managers seemed convinced that the demands of globalisation and the increasing competition both at the domestic and international levels will be more difficult to meet, unless the worker receive the recognition, treatment and attention as a human being, rather than as a mere statistical unit of production.

Such a desire which is common enough among workforces anywhere in the world, seems to take on a particular sense of urgency in the Caribbean territories where the conception of the worker as a non-person is deeply entrenched in the traditions and psychological inheritance of the workplace from slavery through Apprenticeship to contemporary wage labour and where the worker, in anticipation of the persistence of such a situation, operates not infrequently on the basis of fear, distrust, doubt and in some cases even wilful perversity. Within this context, the introduction of labour-management partnership as an integral component in the human resource management system would therefore be a logical and organic development in light of the competitiveness imperatives faced by enterprises in the world economies. This will highlight the critical importance of human resources and their interaction dynamics within the enterprise itself.
Is partnership in conflict with the ownership structures of Caribbean enterprises?

Many indigenous enterprises in the Caribbean are family owned and managed. One may therefore question whether labour management partnership as a method can effectively function under an ownership structure which traditionally keeps decision making and financial information close to the inner circle of the family.

There are also many branches of multinational corporations operating in the Caribbean, some of which would have already been exposed to aspects of labour/management partnership programmes in their originating countries. Neither of these two situations can be said to be in conflict with the principles of labour management partnership. In fact, the imperatives of globalised trade demands that managers must seek to build their competitive advantage on the competence, skills, attitudes and mobilisation of their human resources irrespective of ownership structures.

Naturally, the form of partnership to be chosen will be dependent on the cultural and historical background of the enterprise as well as the existing environment. For example, in a family setting, these factors may create some difficulty in implementing an employee stock ownership programme (ESOP), or board representative; however, involving employees in shop floor decision-making or profit sharing and productivity incentive bonus plans is quite possible. In essence, good managerial policies and practices can engage the energy and intelligence of workers through the principle of reciprocity. That is, employees who are treated well by their employer will respond with efforts to help the employer. Employees who have a long-term stake in an organisation, through job security, status, promotion prospects and financial interests associated with productivity improvements are more likely to be committed. Commitment in turn induces workers to act in ways that benefit the organisation and its goals. Such commitment includes tapping the ideas and initiative of workers who are, after all, on the frontline for improving work processes and business outcomes (Kogut and Zander, 1992; Coleman, 1989).

The next Case demonstrates that ownership is not a deterrent to effective labour-management partnership once driven by a strong people centred philosophy and a commitment to making them the drivers of the change process.

Section 4: Case 3: Using HR Strategies to effect change in management culture - Goddard Enterprise Limited

Using HR Strategies to effect change in management culture - Goddard Enterprise Limited

Goddard Enterprises Ltd. (GEL) is a well-diversified conglomerate with headquarters in Barbados and operations in some 20 countries. The company having had its original operations dated to October 1921 was family-owned and managed until it became a public company in 1979. By this time, fewer members of the family were available for management and so it was determined to become a public company and to move from family-owned and managed, to majority family owned and professionally managed. As a result of the public quotation, the company now has approximately 1300 shareholders including employees, local individuals, non-residents, local companies and institutions.

The diversification of ownership and management approach also heralded a change in the approach to human resource management and has had a profound effect on the overall management of the company's operations.

Strategic Challenges

To facilitate the change to professional management, the company sought to ensure that the transition from family management to professional management would take place seamlessly and with minimum disruption possible. This meant addressing the challenge of management development and succession planning, thereby ensuring that the company recruit and identify promising managers, preparing them for assuming future leadership roles.

A second challenge was the need to develop a structure and environment within which the many diverse companies might be effectively managed without the need for excessive head office control and direction. Among the requirements for achieving this was the need to delegate HR management responsibilities to the operational managers.
**Strategy**

The main concern of the company was therefore that of resolving the human resource management challenges that were posed by its change in management strategy. In order to do so, the company embarked on a number of initiatives designed to focus on the individual - his/her skills, management capacity to perform, including issues related to health and his/her ability to adjust to the new paradigm. In pursuit of these objectives the company adopted a number of measures as outlined below.

- **The elevation of the human resource management function to an executive level similar to the financial management and operations management functions.**
  The company initiated this by recruiting a professional manager for its human resource department and charging him with the responsibility of developing an appropriate human resource strategy and philosophy to guide future development. The philosophy identified excellence in individual performance as the key element in achieving high levels of corporate performance.

- **The decentralisation of human resource management responsibilities and functions and the allocation of human resource management responsibilities to operating managers.**
  The company concluded that the centralised system that it had been operating for human resource management was inappropriate to its needs because it did not adequately address the operational issues and needs of the diverse operational units, many of which were companies with minority shareholder interests. In this respect it was felt that there was insufficient integration between human resource management policies and activities and the units’ operational strategies. Consequently, the company developed a group-wide human resource strategy that was linked with the operational strategy of the Divisions in a loop that connected Group HR to operational HR linked to operations strategy that was itself linked to Group business strategy with a feedback to the Group HR strategy. This allowed HR to be linked both to Divisional operational requirements, to Group strategy and to human resource management strategy.

  This required the strengthening of the human resource management department at headquarters, the development and documentation of policies and procedures and the training of operational managers to understand and perform the critical HR management functions that will ensure the required level of integration between operations and people management. In addition, the company sought to find human resource professionals with an enterprising spirit and appoint them to the subsidiary companies.

  As a consequence, three professionals at headquarters and eight (8) professionals at different subsidiaries now staff the HR function. The operational HR managers report to their operational managers and rely on the headquarters function to provide policy, guidance and information on best practices. In practice most HR authorities are generally delegated, but consultation is required for senior appointments.

- **Developing a focus on individual development and individual performance as the source of corporate performance.**
  This therefore provided the framework for a performance management system that established standards among employees with the agreement of managers and supervisors and the periodic assessment of performance and results.

  Allied to this is a reward management system that entitles employees to share in the profits of the company based on the level of such profits, the improvement on previous year’s performance and other soft factors, such as the performance standards that had been established. The profit sharing plan also provided for executive stock options and an employee stock ownership programme.

- **Focussing on training and development for individual members of staff, including management and supervisory skills and developing succession plans in a structured manner.**
  The issue of succession planning is an extremely important one for the company in the context of the requirement to prepare for a full transition to the creation of a professional management team. It has been possible to identify a cadre of successful or potential managers in a programme that identifies “young potential business leaders for tomorrow” – persons ready for promotion or advanced training for promotion in the future.
A management trainee programme has complemented this programme when it was perceived that the internal approach of the programme would be unlikely to close the gaps rapidly enough. The management trainee programme identified young brilliant university graduates and placed them on an 18-month programme involving experiences in all local areas, and leading to appointments in the managerial cadre.

The final element of the succession plan is an analysis of the persons who will likely retire in the next five-year period and an identification of the persons who might be most likely to replace them.

- **A final element of the focus on individual issues is the programme of managing health and health promotion under which the company developed a life threatening illness policy that takes account of all life threats.**

This programme not only focuses on creating a healthy work environment, but on helping the co-workers of the afflicted persons to show compassion to the ill person, to focus on performance and not the ailment, to facilitate treatment and to respect privacy requirements.

**Results**

- In financial terms, the Group’s consolidated profits were flat up to 1996, but after the implementation of the strategies outlined above the company achieved its highest level of profits in its history in 1998. This trend has continued with preliminary results for 2003 showing the best performance to date.
- Shareholder value has increased significantly since the implementation of the new strategy.
- Management identifies the improved performance coming overwhelmingly from increased efficiencies and higher productivity.
- This pattern of improvement continued through 1999, and although there was a softening in 2000, the company continued to achieve improvements in productivity in areas such as cash management and in overall efficiency.
- Improved all round communication throughout the Group of companies.
- Management replacements made easier.
- HR roles and functions are bettered understood and appreciated.
- Improved labour/management relations.

### Section 4: Case 4: How international competition changed labour-management relationship - Trinidad Cement Limited (TCL)

Trinidad Cement Limited (TCL) is a regional company operating in Trinidad and Tobago, Barbados and Jamaica. Its experience illustrates how market pressure can make both management and unions rethink their relationship and join their efforts to make the company economically successful.

Established in 1954, TCL has had poor labour-management relations for most of its existence. According to the CEO, Dr. Rollin Bertrand, managers believed in “ruling with an iron fist” and trade unionists were accustomed to an adversarial approach to labour management relations (Bertrand, presentation at Caribbean Enterprise Forum, 2001). Between 1984 and 1995 TCL averaged two full or partial work stoppages a year with an estimated cost over the period of US$42 million in today’s dollars; it also had 47 unresolved grievances/disputes, of which nine went to the Ministry of Labour and three to the Industrial court. The collective bargaining process was often protracted, with the conclusion of negotiations taking as long as 12 years. Largely due to the dysfunctional relationship between management and unions, plant availability and efficiency were below 70 percent.

In the mid 1980s TCL started to feel increased pressure from international competition (Thai Cement and other international companies). The company had to rethink its management style in order to remain viable. Finally in 1995 management realised what had to be done in order to improve corporate performance and create a good industrial relations climate. As in many other cases described elsewhere in this guide, changes had to start with a re-examination of the fundamental corporate philosophy and values. Management came to realise that workers and their representatives must be treated as strategic partners and stakeholders, since workers are the company’s most valuable assets. TCL created an **HR Vision Statement** (Box 1) that expressed management’s belief in the importance of workers for corporate success.
**Box 1. TCL Vision Statement**

To create a family of employees within the TCL Group of Companies where individuals feel confident that they are participating, contributing recognised and rewarded for the success of the company. The company should be a place:

Where employees are valued as precious, special people, secure in the knowledge that the company will at all times seek their long-term interests and be supportive in times of need.

Where health and safety concerns are paramount and accidents are nonexistent.

Where the company is concerned about employees' family life and creates work systems and after-work activities to support this ideal.

Where employees really feel that the company sees them as individuals, encouraging self-development, growth, progress and advancement, not only in their careers but also in their personal lives.

Where honesty, integrity, fair play, trust and respect abound and employees feel pride in their association with the company and each other.

This statement was translated into action programme, called “PEOPLING” that included:

- Tripartite committee/partnership forms;
- Transformation workshops with a special focus on people;
- Non-crisis forums;
- A revised performance management system;
- A new negotiation strategy;
- Departmental meetings and focus groups

**Table 1: Employee satisfaction survey results**

<table>
<thead>
<tr>
<th>Factors surveyed (summary)</th>
<th>1996 results (as a %)</th>
<th>1999 results (as a %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall index</td>
<td>52.05</td>
<td>62.29</td>
</tr>
<tr>
<td>Job satisfaction</td>
<td>69.89</td>
<td>74.93</td>
</tr>
<tr>
<td>Stress (lower =less stress)</td>
<td>57.00</td>
<td>50.67</td>
</tr>
<tr>
<td>Annual performance evaluation</td>
<td>48.08</td>
<td>58.78</td>
</tr>
<tr>
<td>Advancement opportunities</td>
<td>42.86</td>
<td>48.67</td>
</tr>
<tr>
<td>Remuneration and benefits</td>
<td>56.24</td>
<td>62.88</td>
</tr>
<tr>
<td>Supervisor-employee relationships</td>
<td>56.36</td>
<td>68.45</td>
</tr>
<tr>
<td>Management-staff relations</td>
<td>57.61</td>
<td>68.45</td>
</tr>
<tr>
<td>Industrial relations climate</td>
<td>42.21</td>
<td>57.80</td>
</tr>
<tr>
<td>Communications</td>
<td>39.20</td>
<td>57.44</td>
</tr>
<tr>
<td>Physical conditions</td>
<td>57.72</td>
<td>69.49</td>
</tr>
<tr>
<td>Company values and image</td>
<td>68.33</td>
<td>79.23</td>
</tr>
</tbody>
</table>

Management’s attempts to improve labour relations were supported by the unions. Mr. Errol McLeod, President of the Oilfield’s workers’ Trade Union (OWTU), which represents TCL workers, recalls that in the past:

“Industrial relations were often a response to the attitude of management that labour was not an important consideration. The OWTU was always cognizant of global changes and their impact on the economy. Therefore there is need not just to change machinery but also to change the approach to those who drive the machinery. The relationship between management and union has now changed from an adversarial to a collaborative one, for instance, when TCL decided to establish plants in Jamaica and Barbados it was with the prior consultation and approval of the union”.

This new approach to labour management has already brought tangible results:

- Negotiations in 1997 and 2000 were completed within three months with no work stoppages or third party intervention
- Plant availability and efficiency have increased
- Overall cement productivity has increased
• Absenteeism has gone down
• Equally important, employee satisfaction has improved dramatically (see table 1)
• TCL managers summarised the lessons they have learned in figure 2

Section 4: Case 5: From negative to positive financial results - St. Vincent Electricity Company (VINLEC)

The St. Vincent Electricity Company (VINLEC) is a government-owned electricity monopoly. In the early 1980’s it had low population coverage (50 percent and highly unreliable service characterised by capacity shortage and load shedding, poor power quality, low safety, and poor system efficiency with 28 percent losses.) VINLEC’s poor financial situation with consistent operating losses, negative cash flow, and perpetual overdraft, made it difficult for the company to obtain credit or to finance investment. This situation, combined with inefficient management and a poor company image, caused understaffing at all levels, inadequate training, relatively low wages with few benefits, very low morale, and little organisational commitment. In general, VINLEC was not an attractive company to work for.

The labour relations situation was not much better. The union had only minority support and was thought by many workers to collude with management. The workforce was deeply divided and unhappy. Overtime, the financial situation of VINLEC worsened. The company badly needed money to invest in new capacities, expand services, and improve operations in order to win customer confidence. The only way to attract the needed investment was to build up a good quality and highly motivated workforce.

As a starting point of this transformation, VINLEC decided to improve collective bargaining. The allegedly corrupt incumbent union was out, and recognition was given to the challenger, the National Workers Movement (NWM), which at that time started to enjoy majority support. Once this was done, management and union started to establish an objective basis for collaboration, and a Recognition Agreement was developed. This document proclaimed that:

“The spirit and intention of this agreement is to maintain and further good relations between the Employer and its Employees represented by the Union, and to provide procedures for the avoidance and settlement of disputes. This agreement is also intended to promote economical and efficient operation of the works of the Employer, avoid industrial disturbances, achieve the highest level of Employee performance consistent with safety, good health and sustained effort
and, to those ends, the Union and the Employer shall together negotiate. On its part, the Employer undertakes to provide good quality jobs in a safe and pleasant environment, and to promote the health, welfare and general satisfaction of all its Employees.”

The recognition Agreement also contained a number of special provisions, such as the basis for recognition, the inalienable rights and responsibilities of the employer and union, mechanisms for dealing with grievances and representations, and the conciliation and arbitration procedures. It specially confirmed the right of workers to union participation. The Agreement also included the corporate mission statement, which specifies the company’s values. So by signing this Agreement, management and the union committed to comply with corporate principles. This made the agreement much more than just an industrial relations document; it became a starting point for corporate restructuring, intended to promote efficiency and high performance levels.

The Recognition Agreement was signed in 1983. Within two years the NWM’s membership jumped from 60 to 80 percent. Thereafter management and the union together were able to establish benefits that gave the workers new motivation and improved the situation. Workers became integrally involved in the decision-making process and worker confidence rose. In return, when the company was in the red in 1985, workers agreed to forgo a wage increase. The years 1985-2000 were named “The Period of Consolidation and Confidence Building”.

By 2001 VINLEC had become an extremely successful company and it is now an attractive employer due to:

- Its apprenticeship and educational assistance programmes;
- Company-sponsored training, including tertiary and professional training;
- Scholarships for children;
- Medical/health insurance, covering all the family members;
- Accident insurance; generous pension plan and special retirement considerations for older workers;
- Survivor benefits;
- Employee loan/advances programme;
- Its HR department is known for its honesty, openness, prompt attention to issues and trust;
- Wage policy based on the premise “Pay the best we can afford and sustain”.

VINLEC workers are among the 5 percent best paid in the country; VINLEC has equitable pay scales, determined by job evaluation/grading; VINLEC uses merit-based pay, enshrined in the recognition Agreement: it has a system of wage adjustments based on the results of individual annual performance evaluations.

Union-management cooperation is widespread and effective. VINLEC has union-management committees on:

- Health and safety;
- Apprenticeship development;
- Uniforms;
- Pension plan trustees;
- Special issues (consultative).

Union representatives deal with worker grievances. All union delegates at labour negotiations/discussions (except the General Secretary) are company employees. The company sponsors Training and Development for delegates. Supervisory staff at VINLEC emerges from the bargaining unit and from among the delegates. The economic results of this corporate turnaround are impressive:

- Coverage has improved by 95%;
- Reliability is high;
- Power quality has improved;
- System efficiency is high (only 10% losses);
- The company’s public has improved;
- Customer satisfaction is high;
- The government appreciates VINLEC’s performance;
- Transmission/distribution has improved;
- VINLEC has been consistently profitable over the last decade;
- The company has a good cash flow, with a 50 percent contribution to capital investment in the last 5 years;
- The private sector has expressed interest in buying the company’s equity.
VINLEC attributes the success of its turnaround strategy to the partnering approach between labour and management and the sharing of the financial results with employees through constructive collective bargaining that assures sustainability.

**Forms of partnerships, that are likely to be more effective and why?**

All of the forms of Labour-management partnership listed in section 2 are applicable to Caribbean enterprises; some may be more than others. In fact many Caribbean enterprises already have a combination of those listed. However, if labour-management partnership models are to be effective and sustainable, the model must evolve from the individual enterprise's needs and experiences. Naturally, what works successfully for one enterprise may not work for another, the model must fit the existing culture.

The most commonly practiced form of labour management partnership in the Caribbean is employee involvement in decision making through work council or worker/management committees and individual employee involvement in shop floor decision-making. This is due largely to the active involvement of organised labour through collective bargaining. This form of partnership between management and labour is inexpensive and is easily put together. It calls for inspiring leadership, commitment and willingness to the sharing of information and ideas as well as working together as one team. It begins with a process of building trust, respect and understanding for each other first as human beings and secondly as an important member of the team with the capacity to contribute meaningfully to the organization's objectives.

The biggest cost factor involved in this partnership model is training and retraining. Such training should be directed at all levels of the enterprise and should be recognised as an investment in the human capital in much the same way as investment in machinery and other forms of capital. The basic difference here is that the returns from investment training may not be immediate and is not easy to quantify, yet the absence of it will impact negatively on enterprises' ability to compete successfully. Some of the immediate symptoms that you are likely to experience are, poor customer service, lack of teamwork, poor performance, lack of job knowledge and skills as well as an inability to take initiative.

To a large extent if this form of partnership is properly developed and applied, it can be the most effective and is capable of laying the foundation for the implementation of other forms, such as the financial partnership schemes outlined in section 3.

**Section 5: Lesson Learnt and Success Factors**

The case studies listed before reveal a number of factors that have been instrumental in the success of labour/management partnership. Persons who are thinking of developing labour management partnerships should take these success factors into consideration.

**Top Management Commitment**

For us in the Caribbean, we may wish to first determine the form of labour/management partnership that is necessary. For example, if you were to embark on financial partnership schemes or board level representation, a critical success factor would be strong top management commitment to the concepts. Senior Management buy-in and involvement are crucial, not just at the implementation stage, but from the beginning. Leadership at all levels of the enterprise must be visible and tied to an on-going communications strategy.

The most basic success factor is that both union and management must genuinely take part in the exercise for it to be a success. Genuine involvement and buy-in, mean not just that labour and management be involved in the initial exercise but that they also actively participate in the exercise. Another important ingredient to the success of labour/management partnership was seen to be stability, whether that is in leadership, relations or economic conditions. Each of these is described as follows:

- First, turnover among management and union leaders is a fact of life in the business world. However, it is very difficult to sustain innovations and the positive outcomes thereof in cases where the original applicants and participants have departed. New leaders may not have any "history" or a sense of "ownership" with the original initiative.
- Second, relations between labour and management are in continuous flux and, at any specific point in time, may colour perceived impacts of an earlier innovation, even though the innovation in
question had nothing to do with current conditions. Thus, the perceived impacts of a particular Labour Management Partnership Programme (LMPP) funded innovation may not be viewed in a positive light when in the midst of contract negotiations particularly when they are difficult.

- Third, as was pointed out above, external economic conditions have a big influence on the success of the project: when times are bad, management may be more amenable to co-operating with labour, but when things improve, the interest in co-operation tends to disappear.

These factors also point to the importance of management commitment.

**Efforts to Build Trust**

We all experience problems from time to time. In talking them through with another we expose our vulnerabilities, our desperations and our frustrations. We therefore have to trust that this person will not exploit what we perceive as our own weaknesses. By providing a shoulder to lean on, a good manager will help a person get things into perspective, will help that person see things clearly and will encourage that person to pursue a positive direction to resolve the problem. It will be a cathartic experience, enabling someone to purge themselves of the distortions, complexities and uncertainties in their thinking and feelings. In doing so, the process will be of great value, not only to the person but also to the organisation as a whole.

It is fashionable to say that one of the roles of a modern manager is to act as a counsellor, or coach, or facilitator. Essentially, though, it is all down to a simple common-sense fact that to manage effectively you have to enjoy good relationships with your people, and to enjoy good relationships you have to have a high degree of mutual trust. One way of demonstrating that is to provide a reliable shoulder to lean on. The following key factors are essential to building labour/management trust:

- Finding the time for people
- Taking an interest in your staff
- Never making others feel bad
- Always try to help
- Listening attentively to others’ problems
- Ensuring total confidentiality
- Avoiding value judgements
- Be fair, firm and consistent in your behaviour to all staff.

**It must be driven by a philosophy and new set of values**

Management must initiate labour management partnerships or no one else will do it. It should start with the management philosophy that recognises that human resource is the most important resource of the enterprise and that the performance of the company results from collaboration and partnership between management and workers of the enterprise. It must take the form of deliberate human resources management policies, translated into management styles, systems and practices at all levels of the enterprise.

Achieving effective labour-management partnership involves not just the installation of new procedures and processes e.g. establishment of a joint-consultation committee or of a participatory productivity improvement scheme. Experiences have shown that mere installation of a labour management partnership scheme in isolation from broad changes in organisational culture generally does not succeed as was in the case of the Sugar Cooperatives in Jamaica, set up by the Michael Manley government in the 1970s. A participatory and collaborative culture is essential and involves developing a new kind of philosophy, values, behaviour and practices of both management and workers.

**Information Sharing and Joint Problem Solving**

Part of the new culture and value system must be the willingness to share information relating to operational issues on the part of managers and a deep sense of understanding from the employees and union of the information shared to effect communication and decision making process. Many managers only find it necessary to communicate with employees when there are problems but never when the going is good. The company that shares both the good and bad news with its employees is better
positioned to effectively develop joint problem solving approaches to resolve operation deficiencies. This is critical to holding any partnership together.

**Joint commitment to the success of the enterprise**

Managers, employees and their unions must have joint commitment to working towards the financial and social success of the enterprise. This must be the first priority of any labour management partnership from which everything else flows. If the enterprise fails to achieve its basic objectives of providing satisfactory products and services to its customers at a competitive cost, then there may not be the opportunity for the enterprise to survive. Therefore it is essential that employees, managers and unions do and say all the necessary things to bring about success of the enterprise. It is the collective efforts, the sharing of the company's vision, the collective will to succeed and the commitment to continually strive for excellence that will enable the company to achieve its objectives. The company will be better positioned to cater to employees' goals and needs only when its objectives are satisfied.

In summary, employees, the union and management will benefit immensely:

**Employees** gain a new sense of pride, commitment and dignity at work when they are trusted to make decisions about how the work gets done. Each individual will have a greater opportunity to learn on the job, develop skills and make a significant contribution to the organization. Self-esteem and self-worth have no bounds when people are recognized for having the capability of both planning and doing their jobs.

**The union** is strengthened through increased involvement in solving plant problems and taking an active role in improving the quality of work life for the membership. Unions often find that they have great influence over a wider range of issues confronting the plant as a whole. Through cooperative efforts, the day-to-day problems are handled and resolved more swiftly and larger issues (such as job and employment security, new technology and health and safety) may receive greater attention. Unions, which foster greater opportunity for members to solve problems at work, are likely to increase membership support as well as the support of the community.

**Management** benefits from a more efficient, productive, profitable and innovative workplace that encourages problem solving and communication. Cooperative efforts are often associated with lower absenteeism, lower turnover, lower accident rates and greater levels of employee satisfaction and commitment. Moreover, in-plant production systems can be far more flexible and adapt more readily to changing market or environmental conditions when everyone has the freedom and autonomy to use their talents and skills as has been demonstrated in the next case.

Section 6: A Practical Approach to Developing Labour Management Partnerships

1. Key operational issues in promoting labour management partnerships

It is critical that efforts to promote labour management partnership understand and examine the political and cultural context in which partnership is to occur. Partnership does not take place in a vacuum, but its development and progress will be influenced by a variety of factors inherent in the context. Time should be made available, therefore, at the beginning of any partnership project to identify and to analyse the factors, which could influence the process. In this respect a stakeholder's analysis is a useful first step. In the preparation and design stages of the partnership, it must be clearly understood that participatory processes do not necessarily follow structural, predetermined and linear directions. Participation must not be seen merely as an input into the partnership but as an underlining operational principle, which should underpin all activities. Participation must be intrinsic to the process and not simply an activity, which is used from time to time to provoke beneficiaries' interests.

2. Putting together a framework for real partnership

There are different models of partnership appropriate for different situations, and it is important to decide where you stand. There is not one “community” but many interests - or stakeholders - to consider. Partnership takes time and effort and will only be successful if it is built on a platform of trust and mutual respects for all partners.
3. What is the purpose?
The road to partnership has many curves, detours, and occasional roadblocks. Fortunately, the following should help to establish signposts along the way:

- Discussion and assessment of the situation
- Identification of interests and goals
- Establishment of a formal partnership
- Taking steps to ensure the partnership works
- Periodic evaluation of the results.

3.1 Assess the Situation:
Talk to each other (labour & management) and assess the relationship

- Where is the relationship?
- What do we need to do to improve it?
- What is keeping us from doing that?

Once committed to starting a partnership, it is critical for the union and management to work together to assess the current status of the relationship within the organisation and develop a shared vision that includes meaningful goals and objectives. An achievable and useful first step is for union and management to settle outstanding issues that might interfere with the partnership process.

Questions that can help assess the relationship are:

- What's the basic nature of the labour-management relationship? Does it help or hinder in solving the problems?
- Does the present adversarial relationship cost too much in time, productivity, and morale?
- Does the current method of settling disputes cost too much and take too long?

3.2 Form a vision and establish initial goals

- What interests and goals do we have?
- Where do we want to go?

As the basis for a useful partnership structure and action agenda, labour and management should develop a common vision for what their organisation will look like in the future. They need to identify interests and set goals together. Some useful questions are:

- In what kind of place would we like to work? What do we need to get there?
- What do we do here? What do we want to do?
- What can each side contribute?
- What roles need to change?
- How can we create buy in?
- Are managers and union leadership committed to joint change?
- Will management and labour commit the needed resources to make this work?
- How will we measure our success?

Mutual interests and goals can range from survival of the organisation to improved service to customers. By jointly identifying goals and interests, a foundation is established for labour and management to take equal responsibility for achieving positive change.

3.3 Establish a formal partnership:

Establishing a formal partnership usually consists of developing a partnership agreement, establishing a partnership committee or council, and creating a partnership action plan. The typical partnership agreement addresses the following:

- Membership Structure: who is on the committee/council and how they are selected?
- Basic goals and objectives: what will the committee work on?
- Procedures: How often will the committee meet? How will decisions be made?
- Communication: How will disputes that inevitably arise be resolved among the partners?
- Bargaining Obligations: How will the partners meet their broader bargaining obligations?
- Consider what balance to strike between keeping and gaining other people’s commitment, and what levels of partnership this suggests for different interests.
  - Partnership Committee/Council members should have the following characteristics:
• Commitment, to improving the results of the organisation:
• Knowledge of the organisation’s history, policies, procedures, job descriptions, and needs negotiated contract, and union concerns.
• Willingness to solve problems pragmatically through consensus decision-making and interest based problem solving.
• Ability to deal with differences between labour and management constructively by keeping an open mind, building trust, and avoiding “posturing”.
• Ability to provide constructive criticism of the organization, union or partnership efforts.
• Thorough knowledge of the work process.

3.4 Make the partnership work:

Time, patience and trust are essential to making a partnership work. Here are a few specific approaches useful in achieving successful partnerships.

• Partnerships arrive at the most acceptable solutions to problems by including the input and support of the entire group through consensus decision-making. This method leads to an improved level of quality in and acceptability of decisions made.
• Consensus is reached when all members agree upon a single alternative.
• Be open and honest about what you are offering or seeking, communicate in the language of those you are aiming to involve.

Although many of the techniques suggested in this guide are relatively simple, it takes some degree of confidence to run a workshop with ‘community of interests’ for the first time or perhaps argue through with colleagues the need for a long-term partnership process. Here are a few suggestions on how to develop your confidence and capability:

• Contact anyone within your organisation, or locally, with facilitation training and talk through your plans.
• Contact your human resources department or your local employers’ organisation with responsibility for labour relations who offer training and support.

3.5 Choose an appropriate structure:

Partnership is not necessarily achieved just by setting up a forum, working group, committee, steering group or other structure. On the other hand, if you are planning or managing a partnership process you will need some point of accountability, and the key interests may need to work together formally as well as creatively. In planning the process:

• Clarify why the partnership process is being started, who has the final say, and what your brief is.
• Identify key ‘community interests’, including employees, the wider management and the union.
• Consider the level of involvement appropriate; make informal contacts to identify employees and managers concerns and whether your stance - the level you are adopting - is likely to be acceptable.
• Run workshop sessions within your organisation to ensure key people are clear about the purpose of the partnership process, the roles and responsibilities, and the answers to basic questions, which will be asked.
• Consider the stance (inform, consult etc.) you are taking in more detail, and in the light of that, decide on what methods you will use.
• Review whether your organisation will be able to respond to the feedback, and follow through on any decisions reached.
• Review your timetable and prepare an action plan based on the level of involvement.

4.0 Renewing The Process: Follow-Up And Assessment

4.1 Follow-Up:

How do you know what impact your efforts are having? How do you know what is really going on company-wide? How will you know what steps need to be taken in order to maintain, strengthen and renew set goals and objectives?

These questions will become increasingly important to you almost from the moment you decide to start up. That is because in order to steer your workplace in the right direction, you need to have accurate information that will tell you how to proceed, how to adapt, where to follow up, what to change, and what
to do differently. In fact, this phase of this guideline may be your first best step in charting the course for your company.

The problem with not building assessment into these kinds of workplace changes is that the old ways of getting reliable information about the company may no longer be as effective. For example, union officials may focus their attention on membership complaints and grievances as a way of judging the health of the company. Managers may be interested in looking at productivity figures or absenteeism rates. Word of mouth and rumour are plentiful and sometimes accurate sources of information for some. Others may rely on instinct to sniff out a sense of the company’s climate. However taken by them, these formal and informal sources of information do not provide an accurate and systematic reflection of what is really happening on the shop floor.

You may need to establish a permanent and continuous way of providing an accurate reflection of the good and bad aspects of workplace change. You need a built-in mirror that will allow you to take a step back, assess your strengths and weaknesses and take stock. This requires accurate, objective and complete information. This will require information that can be used to plan workplace change.

The process of transmitting and communicating information for the purpose of change is known as information feedback. If information is not going to be used to improve or change an existing situation or a set of arrangements, then it is not information feedback. There are at least three things to remember when implementing the feedback process:

• That the process itself creates expectations that change will result from the give-and-take of information. Unless expectations of change are met, employees will be far less willing to participate in feeding back their views and ideas.
• All the parties deem that each step of the process is considered jointly.
• That, whenever possible, those people involved in the problem or issue being assessed should be brought into the process. This will ensure the most effective design and implementation of proposed changes.

4.2 The Assessment Process:

Assessment may be defined as the systematic collection, interpretation and evaluation of vital information for the purpose of creating organization change. The following are suggested steps to be taken in the assessment process.

• Planning to collect the information: What do you want to know?
  • Issues
  • Problems

First, decide what issues or problems need to be assessed and what questions need to be answered. For example, what are employee attitudes about labour-management partnership and do these attitudes vary in different parts of the company?

Who will participate if given the opportunity? What are the biggest problems employees are facing on the shop floor? Feedback on issues such as these will give you a better understanding of where you are now, and how to proceed.

• Collecting information: How are you going to find out?
  • Survey
  • Questionnaire, interview
  • Records

Next, decide how the information about this issue or problem will be obtained. Help with survey questionnaires; a neutral third party can supply interviews or the evaluation of existing records such as absenteeism, accident rates, turnover, and grievances. Alternatively, you may obtain the data by assigning the task to your own committee members. However, a disadvantage here is that an internally conducted assessment can be viewed as being biased. Sometimes it is difficult for individuals who are part of a setting to study it objectively. Moreover, there is always the possibility of an individual or group getting control of the assessment process and using it to promote their particular self-interests.

On the other hand, a jointly determined assessment, based on open and rigorous debate by union and management representatives, can generate credible and valid information. We recommend a balance between the use of trusted third parties and the internal use of steering committees or
problem-solving groups. Information that is generated and evaluated by employees themselves can lead to a better understanding of the day-to-day operations of the workplace. When employees feel they "own" the collected information, they are generally more committed to using it as effectively as possible. The trick is to accomplish this goal so as many employees as possible are involved in relaying information and no one has complete control over its interpretation and evaluation.

- **Evaluating information: What does it mean?**
  - Interpretation
  - Interactive feedback

Interpretation and analysis of the collected information can also be a tricky step. Different people will be tempted to make interpretations favourable to themselves. That is why, wherever possible, criteria for judging the parameters of a problem or the success or future of specific changes should be determined and clearly delineated in the early planning stages. Doing so will avoid confusion and conflict over the meaning of collected information.

- **Plan of action: What are you going to do?**
  - Recommendations and alternatives
  - Specific activities

Now you are ready to use your information to do something about the problem. You should plan recommendations, alternatives and specific activities for change that can be jointly discussed and decided upon.

- **Presenting the information: How are you going to communicate the information?**
  - Written reports
  - Group meetings
  - Minutes
  - News bulletins

Written reports contain the results of the information collected. They tell the story of the feelings and efforts of individuals and groups. They help transmit these findings to the committee and to the rest of the company.

These are not only important sources of information, but written reports and messages are essential for publicizing joint labour-management partnership and for bringing more participants into the process. They help create a cohesive communication network for the company.

- **Let people know what is happening:**
  - Post a summary of survey results on bulletin boards.
  - Distribute a newsletter describing ongoing and completed problem-solving projects.
  - Solicit suggestions and ideas on specific projects.
  - Have group presentations on problem-solving projects.

Sharing information is the essence of cooperation. It minimizes suspicion and distrust while increasing interest and participation.

- **Following up: What was the impact of specific actions taken?**
  - Change
  - No change
  - New problems or issues

Finally, you will want to follow up on specific actions that were taken on the basis of collected information to discover what you did right or wrong and so you will know better next time. Following up is very similar to starting up the entire assessment process, once again. You will want to plan the following assessment of your actions, collect information pertaining to those activities and evaluate once again.
In summary, the assessment process can facilitate joint labour-management partnership efforts in determining and carrying out mutual objectives for change. Overall communication and cooperation can be improved with the construction of a built-in mirror, which can continuously feed back vital information to workplace participants. It helps you:

- Document the consequences and effects of change.
- Learn from successes and failures.
- Create credibility among employees who know that their ideas are being used to improve their working lives.

**Section : Conclusion**

Competitive intensity, on a regional and global scale, has taxed the resources and energies of all enterprises in the Caribbean. The intensity of competition is often underestimated. For those enterprises that cannot adapt, this poses a real threat to their survival and the job security of the people. Union and management have come to realize that they share a common interest, and need to respond in new and innovative ways to keep the enterprise viable, and successful. Sustaining lose/lose adversarial relationships diffuse internal resources that could be put to better use by responding to common, external and competitive threats to the enterprise. While maintaining the fundamental union and management tenets, new relationships can be forged where both stand to benefit by coming together to address mutual issues on people and the performance of the enterprise. This new partnership, however, does require a fundamental shift in union and management philosophy, and your basic point of view. To realize the true benefits of labour-management partnership, the relationship must begin to develop mutual trust, respect, integrity, and open, honest communications.

From a common base of factual information arising from the many case studies presented in this guide, union and management personnel should find it less difficult to communicate more effectively with their constituencies. This in turn increases credibility and strengthens their leadership position. Through an effective labour-management partnership, union and management can achieve innovative and viable solutions to tough problems not normally approachable under the traditional union-management relationship or negotiating process. Indeed, many of these innovative solutions have the potential to directly enhance important organizational capabilities, which lead to a sustained or improved competitive advantage.

Adversarial union/management relationships do produce contract agreements. However, they are often based on limited understanding and generate limited commitment towards implementation. This has serious implications for the enthusiasm and quality of implementing “agreements” in the actual workplace. This failure to “walk the talk” is a fundamental cause of relationships turning towards mistrust, contempt, secrecy, closed communication and often adversarial.

This “guide” provides a sound understanding of the issues and relevant facts on which labour management partnerships are formed and developed as a method to promote sustainable enterprises’ profitability and growth. Using this “guide” will help you to reach a consensus on the best alternative with the mutual interests of all in mind. Since the union and management members are intricately involved in the problem-solving/decision-making process, both have a greater understanding, a vested interest, and higher commitment to successful implementation. In addition, this common experience further builds the relationship of trust, respect and open communication.
Background

There has been a shift in the approach to productivity and international competitiveness. The traditional approaches to productivity and international competitiveness have been based largely on low labour costs, poor employment conditions, and other labour savings approaches. In this context all that mattered was controlling costs and in this, the control of labour cost was seen as the key, sometimes to the exclusions of all else.

The focus on the productivity of labour has proved to be short sighted. Instead, it is becoming clear that there needs to be a focus on total factor productivity - labour, land, raw materials, energy, capital etc. In addition, the relative importance of any of these depends on the firm's production patterns.

The International Labour Organization advocates the “High Road” to productivity and competitiveness which ensures that service and product delivery is developed and improved mainly through enhanced flexibility, speed, innovation and creativity of people.

The emphasis of the high road approach on human resource is clear. However, historically, human resources development in Caribbean enterprises has been affected by an adversarial industrial relations climate. Because of this industrial relations climate, there has been a legacy of mistrust and inharmonious management-labour relations within enterprises which decrease productivity and competitiveness.

To achieve competitiveness firms can no longer rely merely on cutting the cost of labour. Rather “management has to be able to harness the firms’ capacity for innovation, as well as to utilise technology and human resources and translate these into efficient work organisation.

The observance of international labour standards is an essential element in achieving a workplace in which there is a sustainable building of economic, human and social capital. International Labour Standards should therefore be viewed not as a cost element in the production process, but rather as an investment to maximize the benefit of the enterprise's human resources.

PROMALCO in fulfilling its mandate to contribute to the Caribbean business case for the high road has identified great relevance of international labour standards. Indeed, it is argued that for enterprises to sustain, be profitable and competitive in the emerging international production and trading patterns international labour standards should occupy a central position.

Moreover, there is evidence to suggest that rather than approaching international labour standards as a luxury for enterprises in developed countries or even larger enterprises in developing countries, ILS may be viewed as an imperative for small and medium sized firms in developing countries.

This guide is designed to assist management and workers in determining jointly the most effective way for Caribbean enterprises to implement and adhere to International Labour Standards as an effective way of tackling the new challenges of globalisation and trade liberalisation.

The guide highlights the key provisions of the conventions, recommendations and codes of practice that have special relevance to supporting and sustaining enterprise productivity, competitiveness and profitability in the face of the new rules of the game that are developing in the international system.

As countries and enterprises of the Caribbean have to rely more and more on their own efforts to win and keep international markets, both labour and management need to be aware of and know how to use all the tools that are available to them. We believe that international labour standards are one such important tool.

The guide therefore has been developed with both labour and management in mind. It seeks to encourage social partners in the workplace to:

- Identify with International Labour Standards
- Safeguard the welfare of workers
• Attain safer and more productive working environments
• Improve labour-management relations
• Build and improve workplace partnerships
• Build trust and mutual respect between workers and management
• Improve the international competitiveness of enterprises

The guide is divided into three chapters which focus on different aspects of the ILS and its link to productivity and competitiveness. Each chapter will be broken into modules with specific learnings completed with summary points or questions as the need arises.

The Guide was substantially prepared by André-Vincent Henry and Shane Kissoon. Initial research was done by Ruby Thompson Boddie. We received important input from our colleagues in Geneva and Port of Spain, notably Nikolai Rogovsky, Emily Sims, George Gamerdinger, Luesette Howell, I. Christopher Imoisili and Michelle Jankanish and Mr. George Kanawaty. It is presented to you as a work in progress to allow for feedback which will permit us to fine tune it to better serve the needs of our constituents.

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Programme for the Promotion of Management-Labour Co-operation (PROMALCO)
International Labour Organization Sub Regional Office for the Caribbean
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The Caribbean Experience

The dual forces of globalisation and trade liberalisation, among others, have presented the Caribbean region with special challenges, given its socio-economic history and reality. The practice of protectionism and preferential treatment no longer exists in the face of free trade. Caribbean enterprises must now compete in a global market place that demands quality. For all of its natural resources the Caribbean region, and most enterprises therein, have yet been able to meet the demands expected of it. As such, there is an onus on the region and its enterprises to develop its labour market in ways that would allow for greater productivity and enhanced competitiveness.

CHAPTER 1

STRUCTURE OF CHAPTER

The structure of this chapter comprises of three modules:

1. Module 1 on the Socio-Economic Structure of The Caribbean
2. Module 2 on The Caribbean Labour Market
3. Module 3 on Building a Case for Enterprise Strategies

THE OBJECTIVES OF THE CHAPTER

The objectives of the chapter are as follows:

1. To put into context the status of the Caribbean through its socio-economic reality
2. To present the opportunities and threats facing the Caribbean region
3. To present the focus and structure of the Caribbean Labour Market
4. To explain why enterprise strategies are necessary

USER OUTCOMES

On completion of this chapter users:

1. Should have placed the Caribbean in an international perspective
2. Should have gained knowledge on the importance of human resource management to the region.
3. Recognize the need for doing business differently
Section: Module 1: The Caribbean and The Way Forward

OBJECTIVES

• To examine the socio-economic structure of the Caribbean
• To inform on the opportunities and challenges which exist in the face of heavy international competition

The Caribbean and the Way Forward

2.1 Socio Economic Background

Until recently, the countries of the Caribbean have benefited from protection of their local industries from foreign competition through high import tariffs. These products, in particular the agricultural products, were also exported under a range of preferential and non-reciprocal trading arrangements with metropolitan countries, especially the Netherlands (in the case of the Dutch-speaking countries); the United Kingdom, Canada and the United States and later the countries of the European Union.

The liberalisation of the international economic system is depriving the Caribbean of most of the trading preferences that were enjoyed. The evidence also suggests that remaining preferences will soon be lost as well. In short, the countries of the region are being hit heavily by at least four processes which are exposing their vulnerability: removal of preferences, increasing reliance on international trade, declining terms of trade and their concentration in slow growing economic sectors. These demonstrate clearly the need for the countries of the region to re-order their production patterns with a view to increasing productivity and competitiveness.

The region is now also faced with the need to integrate into the global economy and to successfully manage the process of hemispheric integration. The region is currently marked by its transition from a protected to an open economy. However, more important is the fact that diversification into processed and value-adding products is slow.

Efforts at diversifying the economies of the region started in the late fifties through the process of ‘industrialisation by invitation’, as patterned on the Puerto Rican model “operation bootstraps”. The industrialisation by invitation model was focused on import substitution. The goods so produced were to be consumed in highly protected domestic markets. The resulting output was by definition of substandard quality and expensive. The products of the Caribbean were therefore uncompetitive. Faced with this reality, some Caribbean countries have tried to further diversify their economies by developing their tourism product, and by focussing on the “emerging sectors,” such as the service sectors including the hospitality industry, financial services and informatics and the entertainment industries. As a result of the concerted effort to diversify, there is a clear decline of agriculturally dominated economies.

There is also a system re-alignment taking place. In this hemisphere in particular, it is expected that the Free Trade Area of the Americas would come into force by the year 2005. The FTAA will probably provide the defining legal and regulatory framework for trade in the hemisphere which accounts for more than 60 per cent of Caribbean total international trade.

This is extremely important since the Caribbean region is heavily dependent on international trade, with more than 60 per cent of GDP in the region coming from international trade. By comparison, only some 10 per cent of the United States’ GDP comes from international trade. To maintain their standard of living, not to mention, increase wealth in the region, the Caribbean needs to be more competitive.

Furthermore, globalization and economic liberalisation have also created an un-level "playing field" as developed countries optimize comparative advantage through their continuously improving use of technology, management of labour and diffusion of knowledge. Even in manufacturing, economies of scale are not easily attained by Caribbean enterprises. It may seem that even in our strengths, there are evident weaknesses. These are the realities that Caribbean states must confront by leveraging their most sustainable resource, that being their human capital, to innovate and create new, sustainable products.

KEY NOTES

• The liberalisation of the international economic system is depriving the Caribbean of most of the trading preferences that were enjoyed
• Diversification into processed and value-adding products is slow
• As a result of the concerted effort to diversify, there is a clear decline of agriculturally dominated economies.
• The FTAA will probably provide the defining legal and regulatory framework for trade in the
hemisphere which accounts for more than 60 per cent of Caribbean total

**Caribbean Challenges**

Within recent times, Caribbean countries have had to re-evaluate their positions relative to the changing international environment. Caribbean countries can no longer depend on preferential agreements but must engage in new strategies and ways of developing.

However, whilst concerted efforts are being made to diversify their economies, it is still true that Caribbean countries are heavily dependent on international trade. As such, it is integral that regional enterprises achieve high levels of productivity and competitiveness within their respective industries. This is to say that the challenge for Caribbean enterprises is to remain enterprise focussed and build upon existing successes. But, as has been said before, we need to emphasise, above all, the human capital within the enterprises and not merely the physical assets. To put it boldly, people are now the enterprise and it is in the mobilisation of the human capital that most success will be experienced.

Many variables now associated with enterprise competitiveness are related to the human element. It is now a conclusion that the firm can now only be competitive if the human dimension is adequately addressed. However, Caribbean employers often under-utilize the tremendous human resources at their disposal. In most cases, the employee is still seen as an item of expenditure. Scientific management still occupies an important part of the Caribbean enterprise’s design. Organisational designs are therefore implemented to reduce costs and increase margins. More often than not there is very little decentralisation. Job design offers very little opportunities to the employee for growth and the fulfilment of personal needs and goals. Rigid structures and military supervision limits the creativity and entrepreneurial capabilities of the employee. Poor working conditions further compound the situation by making the workplace unsafe - a major contributor to decreased productivity. What this all results in is that there would never be any alignment between the objectives of the employer and the goals of the employees. In such an environment, high levels of an educated workforce remain underdeveloped. Fringe benefits and high salaries may not be enough to prevent de-motivation because of the imbalance of high wage structures across industries and above all by the fact that a high wage may just manage to leave the employee in a state of “non-dissatisfaction”, rather than acting as a motivator.

There are also other factors hindering the possibilities of successful change management. The Caribbean boasts relatively high standards of education. However, demand-deficient unemployment (mismatch between the number of unemployed people and corresponding job places), as well as turbulent industrial relations, in the local labour market have led to important outward migration of skilled workers to the labour markets of North America and the United Kingdom. This emigration is also compounded by the fact that the Caribbean has had a history of adversarial management-labour relations and as such employers and workers have rarely been able to agree on workplace issues. This leads to decreased productivity and is also a demotivating factor for workers.

There is ample evidence that the region wants to get on the path of the high road to economic development and international benchmarking as the region’s response to globalisation and trade liberalization. To do this however regional enterprises need to adopt new workplace strategies which bring together the human element and capital in productive partnership.

International benchmarking does not only involve product quality, production processes and service standards, but also to social standards that regulate the relationship between capital and labour. Enterprises in the region have therefore the task of adjusting workplace practices so as to reflect the new importance that the cooperation of labour has for enterprise performance and competitiveness in a high-road business strategy. In this, the readiness of management to acknowledge and apply nationally accepted labour standards and to practice participatory forms of strategizing could play a decisive role for the achievement of business success as such practices will decisively contribute to building trust and to accomplishing partnership, which are increasingly recognized as ingredients of business success in a high-road approach.

Another consideration is that with the region’s commitment to join the Free Trade Association of the Americas (FTAA), business strategies will have to take into account the normative elements of the future FTAA that are likely to require them to comply with the fundamental ILO Conventions on rights at work.

This increasing recognition of the need to engage the cooperation of labour is matched by an increasing recognition on the part of labour that the transformation of businesses into more productive and competitive operations could mean higher levels of employment and income security. This scenario opens new opportunities for developing positive management/labour cooperation at the enterprise level, for negotiating
employment conditions, for forging social partnership approaches and for abandoning enterprise practices that could fuel adversarial industrial relations.

**SUMMARY POINTS:**

- The FTAA will probably provide the defining legal and regulatory framework for trade in the hemisphere which accounts for more than 60 per cent of Caribbean total
- Caribbean employers often under-utilize the tremendous human resources at their disposal.
- Caribbean has had a history of adversarial management-labour relations and as such employers and workers have rarely been able to agree on workplace issues.
- Regional enterprises need to adopt new workplace strategies which bring together the human element and capital in productive partnership.
- International benchmarking does not only involve product quality, production processes and service standards, but also to social standards that regulate the relationship between capital and labour.
- The increasing recognition of the need to engage the cooperation of labour is matched by an increasing recognition on the part of labour that the transformation of businesses into more productive and competitive operations could mean higher levels of employment and income security.
Section: Module 2: The Caribbean Labor Market

OBJECTIVES

- To examine the composition of the Caribbean Labour Market
- To explore the emergence of the knowledge worker

The Caribbean Labour Market

The structure of the Caribbean labour market also poses special challenges. Without a tradition of labour demand generated by domestically-grown and capitalized industry, there came to exist the systemic weaknesses associated with the absence of specific policy for the allocation and distribution of labour and the perpetuation of a workplace culture where there continues to be a tenuous link between compensation and productivity. The Inter-American Development Bank points to these weaknesses:

“Besides, several labour market conditions negatively impact external competitiveness of domestic production. First, despite continued unemployment, there are shortages of workers with high technical and managerial skills. In addition, labour productivity growth has been low at best and it reflects the productivity of capital, the quality of infrastructure and public services and, of course, wages. Second, there is also no effective system to make use of the skills distribution that already exists in each country, let alone regionally. Third, significant migration of skilled workers have reduced the available pool of skilled workers. Fourth, labour market rigidities and poor industrial relations are particularly a problem in some countries. Labor legislation and government-mandated worker benefits, as well as market rigidities associated with wages and employment, vary across countries but in all cases greater flexibility will allow businesses to compete internationally and provide a basis for workers to have relatively more secure jobs.”

The persistently high rates of unemployment in the region throughout the 1980s and continuing to the present evidence the painful adjustment to globalisation and trade liberalization. The ILO has identified unemployment, underemployment, in formalization and causalization of employment and low wage and salary levels as five labour market issues impacting on poverty in the region. While it is true that job losses for much of the 1980s resulted from programs of privatisation and structural adjustment pursued by Caribbean states during the 1980s when supervised structural adjustment programs were undertaken, it is arguable that even these programs were directly associated with the trend towards liberalizing markets globally. The continuing growth within these economies marginal and sub-marginal employment, the stagnation of growth in wages and salaries and the decline of the unionised sector are convincing indicators of the difficulties being experienced by Caribbean labour markets. In relation to the extent of unionisation of the workforce, traditionally low official figures rendered even lower by job losses within the formal employment sector during the 1980s and into the 1990s, do not reflect the high level of trade union activism, which exists in the region.

The Caribbean Worker

The Caribbean enterprise must cater to two broad categories of workers. In their interaction with these two categories of workers, there is a contribution that international labour standards can make to management.

The first category may be referred to as the traditional worker. The second is the knowledge worker of the “New Economy”. The traditional worker dominates the mining, manufacturing and agriculture sectors in the economy. The traditional worker is also found in certain levels of the tourism and hospitality sectors. The knowledge worker, on the other hand dominates the service sector, including the information and communication technology sector, financial services sector and economic development disciplines. The knowledge worker may also be found at the higher echelons of other sectors dominated by the traditional worker.

The knowledge worker is driven to maintaining excellence in the workplace. This type of worker is not limited to performing prescriptive duties but develops the ability over time to bring a range of analytical and problem solving applications to the working environment. The knowledge worker has a strong demand for information and re-packages this information in the delivery of multiple competencies, thereby adding value to the product. He/she is aware of the dynamic and competitive nature of the market place and functions as a true synergist for the organisation, bringing together all necessary information from the various parts of the organisation to deliver an enhanced output. The knowledge worker is aware of the importance of lifelong learning, continuous professional enhancement and the flexibility that is required of the existing labour market. In fact, this worker is better prepared to deal with the challenges of the fluctuations and lack of job stability, and the repercussions in the market place which flow therefrom.
Table 213
CHARACTERISTICS OF THE CARIBBEAN WORKERS

<table>
<thead>
<tr>
<th>The Traditional Worker</th>
<th>The Knowledge Worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Concentrated in the unskilled categories</td>
<td>• More highly skilled and educated</td>
</tr>
<tr>
<td>• Less opportunity for innovation</td>
<td>• More concerned with employment security</td>
</tr>
<tr>
<td>• More concerned with job security</td>
<td>• More flexible in terms of changing employer</td>
</tr>
<tr>
<td>• Less flexible in changing employer</td>
<td>• Lower levels of unionisation</td>
</tr>
<tr>
<td>• More prone to be unionised</td>
<td>• More involved in process and product innovation</td>
</tr>
<tr>
<td>• Execution of prescriptive duties</td>
<td></td>
</tr>
</tbody>
</table>

This is not to say that the traditional worker does not have the same concerns, for the outlook and expectations of the traditional worker are also changing, even if the nature of the tasks which he performs are changing more slowly. This is as a result of a number of factors. In the first place the level of education and awareness of all members of the society is increasing. Accordingly, there are rising expectations on the part of these workers. Many of the old assumptions and the old ways of thinking are being debunked. As a result workers are no longer prepared to accept the same levels of treatment that previously held.

In this context, other measures of satisfaction and reward, beside financial compensation, become important to workers. Issues such as respect, trust, involvement, the ability to participate in the creation of destiny and other such non-tangible elements are significant. These are articulated not only by the workers themselves, but increasing pressure is being brought to bear on workers’ representatives to take these matters into consideration.

Regardless, therefore of the worker’s position in the labour market it appears that the responsibility of management is to more creatively empower the worker. Such an empowered worker is a greater asset to the enterprise than the worker who is pigeon holed into tasks unable to make the connection between his job and the sustainability of the enterprise. The challenge for the modern manager is to release this potential.

SUMMARY POINTS:

- The persistently high rates of unemployment in the region throughout the 1980s and continuing to the present evidence the painful adjustment to globalisation and trade liberalization.
- The ILO has identified unemployment, underemployment, in formalization and causalization of employment and low wage and salary levels as five labour market issues impacting on poverty in the region.
Section: Module 3: Enterprise Strategies

OBJECTIVES
- To demonstrate the need for innovative enterprise based strategies

The Case for Enterprise Strategies

Data relating to economic performance and social progress in CARICOM states confirm that the region faces barriers to effective participation in a globalised world. The problems identified as being crucial are the narrow production structures of CARICOM economies and their dependence on traditional economic activity, inadequate economic growth and inability to compete for foreign direct investment for economic expansion.

Moreover, there has been a significant change in the last ten to fifteen years concerning the role of the state in economic development. In all countries of the Caribbean the state had traditionally played a predominant role as an economic actor. The state, as government, not only was the largest employer, but also got involved in a wide range of commercial and industrial investments. The state intervened aggressively in the market (some would argue, that the state significantly distorted the market to the detriment of sustainable economic development).

The state has now significantly reduced its presence in the economy. The new approach is that the private sector is the engine of the economy and the state is only an enabler and facilitator. This withdrawal by the state and the many structural problems faced by Caribbean economies has increased the significance of and the urgency for enterprise-level actions for the sake of economic sustainability.

In this regard, the role of micro-level, enterprise-focused strategies is essential to achieving the quality and magnitude of change that is required. The shift towards an enterprise-focused approach follows from the recognition that globalisation has profound implications for the competitiveness of enterprises and, consequently, for employment relations. It is evident that the complex character of these relations has exhausted the capacity, both procedurally and substantively, of industrial relations-oriented solutions to solve the issues that face contemporary business enterprises whether large or small.

This Guide endorses the view that the regulation of employment relations now requires a convergence of traditional industrial relations policies and practices and human resource management strategies that have universal applicability. Given the labour market issues which have been identified as affecting CARICOM states, these strategies must give prominence to employment relations practices which promote tripartite consultation, equality of opportunity and treatment, the development of the region’s human resources, minimum conditions of work and the basic human rights principles contained in the 8 fundamental Conventions.

Table 2.2: Characteristics of the Regional Economy and ILS Response

<table>
<thead>
<tr>
<th>Regional Characteristic</th>
<th>Procedural / Substantive Change</th>
<th>Relevant International Labour Standard</th>
</tr>
</thead>
</table>
| Low Trade Union Coverage                                      | To strengthen labour/management cooperation | • No. 87, Freedom of Association and Protection of the Right to Organize  
• No. 98, Right to organize and collective bargaining.  
• No. 135, Workers Representatives  
• No.154, Collective Bargaining |
| High Formal Sector Unemployment Rates                        | To make improvements in labour and capital productivity. To introduce measures for occupational flexibility and for training and development | • R94 Co-operation at the Level of the Undertaking Recommendation, 1952  
• No. 144, Tripartite Consultation |
| High Informal Sector Employment Rates with high participation rates among females and young persons | To enforce principles relating to equality, non-discrimination and the use of child labour. To strengthen training and development | • No. 100, Equal Remuneration  
• No. 111, Discrimination (Employment and Occupation)  
• No. 156, Workers with Family Responsibilities  
• No. 131, Minimum Wage Fixing  
• No. 138, Minimum Age  
• No. 182, Worst Form of Child Labour  
• No.29 and No. 105, Suppression of |
Enterprise-related strategies to enable the reversal of the problems evident in the labour markets of the Caribbean that have been described above require a break from traditional orientations which are no longer in synchrony with contemporary realities. As noted in the preceding sections, globalisation and trade liberalization have been forces of change in the context of Caribbean economic and social development. The general trends that have been associated with these forces have also been responsible for advancing the enterprise to a front line position in the new economic environment. Since it is apparent that the choices made at the level of the enterprise will be increasingly predictive of overall economic performance, there is need to address the issue of capacity building for change management at the micro-level.

The complexity of the workplace issues of the 21st century suggests the degree of difficulty which adheres to any effort to build the capability of the enterprise to manage change associated with the diversification of product and markets, decentralization of production processes and structures, the modernization of work processes and organization through the application technological innovation and intellectual value-added and escalating global competition.

In Australia, for example, a 1994 survey of 2001 workplaces indicates the role of an enterprise's human resources the challenges which modern day workplaces face when considering change. It also suggests the quality and type of intervention most likely to prove appropriate:

- Change was widespread, 81 per cent of managers reported experiencing at least one of four broad types of change (major new office technology; major new plant, machinery, and equipment; major reorganization of the workplace; and major changes to the work of non-managerial employees). Over half of the managers reported experiencing two or more of these four categories of change.
- The most frequent type of change reported by managers was major reorganization of workplace structure, new office technology, and non-managerial work practices.
- Improved productivity and efficiency were the reasons most managers gave for introducing major organizational change.
- Import-competing firms were found to have introduced more kinds of change than comparable firms that did not compete against foreign imports.
- Less than half the workplaces reported consulting with employees over the change(s).
- Employees directly affected by change were more likely to accept it than resist it, except where it was perceived to threaten their employment prospects. This was the case in relation to workplace reorganization and a change in work practices.
- Regardless of the type of change, employees directly affected by it were reported to be more favourably disposed in workplaces where they were consulted.
- Almost six in ten managers claimed that there were changes they would have liked to make but were unable to introduce.*
- Change associated with today's global economic environment is a driver for fundamental change at the level of the enterprise.
- Enterprise-level strategies for competitiveness embrace procedural and substantive aspects.
- The degree of success that enterprises achieve in global repositioning depends on the management of both procedural and substantive dimensions of change strategies.
SUMMARY POINTS:

- The problems identified as being crucial are the narrow production structures of CARICOM economies and their dependence on traditional economic activity, inadequate economic growth and inability to compete for foreign direct investment for economic expansion.
- This Guide endorses the view that the regulation of employment relations now requires a convergence of traditional industrial relations policies and practices and human resource management strategies that have universal applicability.
- There is need to address the issue of capacity building for change management at the micro-level.
- Change associated with today's global economic environment is a driver for fundamental change at the level of the enterprise.
CHAPTER 2

Section: International Labour Standards

The first International Labour Standards were developed in 1919. Since then almost 200 conventions and 200 recommendations have been approved by the unique tripartite structure of the International Labour Organization. International Labour Standards continue to be relevant since they respond to the evolving needs of the workplace.

However, sometimes ILS can be quoted in technical and legal language and looked upon as a form of a contractual agreement between the ILO and the respective governments that ratify such standards. For this reason, ILS are not fully understood and their value not fully appreciated.

This chapter is designed:
  • To specify in a clear and concise manner what are the ILS
  • Why they are so significant in improving the workplace and lives of those therein
  • How they are linked with productivity and competitiveness.

STRUCTURE OF CHAPTER

The structure of the chapter comprises three modules:

1. Module 1 explains the genesis and core concepts
2. Module 2 looks at the ILS and its link with productivity.
3. Module 3 examines the utility of the ILS to the modern manager.

THE OBJECTIVES OF THE CHAPTER

The objectives of the chapter are as follows:

1. Clarify the origin and thinking behind the ILS
2. Identify new trends in productivity and competitiveness thinking and their link with ILS
3. Examine the role of the manager in today's workplace and ILS as a management tool.

USER OUTCOMES

On completion of this chapter users should be able to;

1. Identify with the ILS
2. Understand the link between ILS and productivity and competitiveness
3. See in what ways ILS are beneficial to managers
Section: Module 1: - ILS: Genesis and Core Concepts

OBJECTIVES

• Explain the methodology of developing the International Labour Standards
• Inform on the structure of the International Labour Organisation
• Demonstrate the process of formulating policy

The Genesis of International Labour Standards

International Labour Standards have been developed by the International Labour Organization (ILO) in the field of labour and social policy for use by member States and the international community at large. The unique tripartite orientation of the ILO also ensures that all members of society utilizing the tools of the ILO gain maximum value. They lay down minimum standards as well as formulate meaningful and practical targets for progressive national development, human and social development and stability, and economic progress. ILS are adopted by the International Labour Conference (ILC) and take the form of Conventions or Recommendations.

Conventions are legal instruments similar to international treaties, specific to the field of labour law, which are subject to ratification by Member States. Upon ratification, they create binding legal obligations. The application of these obligations in the national legislation and practice is monitored and supervised through a variety of procedures created by the ILO for this purpose. No modern system can be static and remain relevant; in the same way, legal standards and systems are bound to change to adapt to new needs. Such changes, and indeed, adherence to standards continue to be monitored by various instruments of the International Labour Organisation.

Countries adherence to Conventions which they have ratified is overseen by the Committee of Experts on the Application of Conventions and Recommendations. The Committee of Experts is a body dedicated to examining government reports on the application of conventions and other obligations contained in the ILO Constitution relating to ILS as well as assessing the conformity of national law and practice with the provisions of ILO Conventions. The reports of the Committee of Experts are submitted to the International Labour Conference through the Conference Committee on the Application of Standards which is a body dedicated to supervising the application of labour standards as adopted by member states.

Recommendations are not subject to ratification, but are meant to define non-obligatory norms, that is to say, they serve to amplify the provisions of the conventions or to deal with questions which do not call for legal obligations. Their aims are to serve as guidelines in the development of policy, legislation and practice in given fields. They enjoy the authority of internationally accepted principles of social policy.

KEY NOTES

• Conventions are legally binding and are ratified in law by member states of the ILO
• Recommendations are not legally binding but serve as guidelines in policy formation
• ILS are developed through a tripartite representative system made up of government, workers and employers

The first ILS dates back to 1919. Since then and up to the present, the ILC has adopted 184 Conventions and 192 Recommendations covering such fields as freedom of association, equality of treatment, employment policy, labour administration, industrial relations, wages, working time, occupational safety and other conditions of work, social security, employment of women, children and other specific categories of workers. The fundamental aspect of the ILS is that it addresses the full gamut of issues which affect worker productivity and enterprise development. In its attempt to fulfil its core mandate of achieving social equity and human development, The ILO has created an organic instrument in the ILS which is both holistic and adaptive.

One of the most compelling features of ILS is that they are developed, adopted and implemented on a tripartite basis ensuring at all stages the full cooperation of and equality among Governments, Employers and Workers. Nowadays, tripartite delegations from 175 ILO Member States participate in the elaboration of new standards adopted at each session of the ILC.

ILS are intended to be universal in nature, i.e. applicable to and capable of attainment by countries with very different social structures and at different stages of economic development. To adapt universal standards to a variety of conditions existing in different countries, they are formulated, where appropriate, in flexible terms progressively enabling the greatest number of States to ensure the intended level of protection. This
ensures that there is not only parity but transparency within the ILO system which is of paramount importance because of the fact that it is dealing with countries which differ across cultures, economic and political governance, stages of development, and ethnic composition of people. Especially important to the people factor is the way in which relationships are maintained and people are governed at the national level and managed at the enterprise level.

**SUMMARY POINTS:**

- Main difference between conventions and recommendations is in their legal status. Ratified conventions are binding on the parties.
- ILO machinery for recommending and monitoring conventions include International Labour Conference; Governing Body; Committee of Experts on the Application of Conventions and Recommendations.
- ILS are developed jointly by governments, workers and employers
- ILS are in nature: universal; flexible; transparent; fair

**Section: Module 2: - ILS Link with Productivity and Competitiveness**

**MEASURING PRODUCTIVITY: OLD AND NEW APPROACHES**

One of the unfortunate aspects of the focus on productivity has been the emphasis, almost exclusively, on the productivity of labour. For many, the simple arithmetic of output divided by input (where input was overwhelmingly labour) very often leads to a devaluation of labour. In the effort to increase productivity in this line of thinking reducing labour costs often results in;

- Poor employment conditions
- Labour cutting approaches, including termination
- Compromises in health and safety

Investing in human resources development was not allotted the priority it deserves as many managers focussed on efficiency obtained through technology, better use of material and financial resources.

The International Labour Organisation advocates the “High Road” approach to productivity and competitiveness. The “High Road” approach ensures that service and product delivery is developed and improved through enhanced flexibility, speed, innovation and creativity of people. It can be summed up as,

“Competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization and enhanced capacity to adapt to constantly changing economic environment. This approach envisages the adoption by business enterprises of techniques of strategic planning, environmental management and protection and strategic human resource management”.

The high road encompasses many of the concepts that are contained in mainstream management. This new approach of productivity moves away from the exploitation of people to people involvement in every aspect of the enterprise's function and operation.. Human resources have replaced physical and financial assets as the most prized resource of the enterprise. This is especially important for the Caribbean given the region's endowment of human resources.

Historically, there has been an adversarial relationship between employers and the labour movement in the region. This can be seen in:

- Mistrust
- Sabotage
- Poor management-labour cooperation
- Production inefficiencies
- Increase in downtime
- Disruption of production as a result of industrial action

Given this climate, Caribbean enterprises can find it increasingly difficult to compete in the global marketplace. To be able to do so would mean that culture change must take place.
Questions

1. What do you understand by the “High Road” approach to competitiveness?
2. Do you subscribe to the High Road Approach/or the old approach to productivity?
3. What approach do you think predominates in your organisation?
4. How would you assess Caribbean enterprises performance on the high road?
5. What can you do about the situation?
6. Who would be the major change agents in your organisation?

Given the changes in the labour market, and focus on productivity concepts, there arises the natural question about the relationship between productivity and performance and the International Labour Standards as promulgated by the ILO. In the current international environment, however, it is not enough to identify and apply the standards of protection, prescriptive standards, procedural standards, standards of participation and the human rights standards that have been developed over the early life of the ILO. Starting in the 1960’s the ILO began to elaborate promotional instruments that were designed to promote productivity and employment and enhance the functioning of the labour market. The standards developed in this period began to apply the productivity notion in ILS to developed as well as developing countries and to extend the concept of productivity to cover the productivity of work itself, not just of labour.

Although the traditional concepts of productivity and of labour standards have been developed separately, in some respects seeming to contradict each other, there is a definite link between the adherence to labour standards and increased productivity in the workplace. ILS were developed initially as a tool for social justice involving workers, employers and governments to protect the worker against exploitation and to establish a path to social progress and to maintain peace. Approaches to productivity on the other hand, appeared to be concerned with how the enterprise performed at the expense of the worker.

The Link Between ILS and Productivity and Competitiveness.

More recently there has been a growing understanding that the modern definition of productivity, which emphasises the synergy of the human, economic, physical and social assets of the company, bears a closer relationship to international labour standards than had been accepted in the past. It is clear that sustained observance of labour standards facilitates continuous productivity improvements, which are themselves not achievable under poor labour standards and conditions of work. The key to understanding the link between ILS and productivity lies in those provisions in ILS which nurture the development of the worker, safeguard his health and welfare, and eliminate such features in the working environment which will dehumanise the worker.

Key Note

ILS nuture the development of the worker and eliminates the de-huminisation of the worker while providing greater scope for the worker to contribute in a meaningful way to the enterprise.

The contribution of ILS to the enterprise can be viewed from the “negative” perspective or from the “positive” perspective. From the negative perspective ILS could serve to save the enterprise from;

- Loss through down time
- Accidents
- Demotivated workers
- Industrial unrest etc.
- Sabotage

Controlling cost is just one aspect of increasing productivity and competitiveness. Downtime and industrial unrest refers to the cost of failure which appreciably decreases the enterprise's ability to deliver quality products and services.

From the positive perspective ILS can contribute to releasing the potential of an enterprise's human resources to add value to the mission of the enterprise through increased productivity, increased innovation etc. In such an environment, there is an emphasis on quality which permeates through the organisation to contribute to the delivery of a quality service that matches and even exceeds customer requirements and expectations.

Inherent in the ILS is the concept of placing the worker at the forefront of the enterprise. As such, adherence to the ILS would improve the productivity of workers not by limiting input, but by creating a safe and enabling environment in which workers can innovate and add value. The welfare of workers is also
increased through implementation of obligations covering such fields as social security, family life, protection of benefits, which have consequences for the worker's well being and consequently his capacity to contribute. When the worker is protected, then the worker can derive maximum benefit and enjoyment from the working environment and conditions, thus enabling him to contribute more to the goals of the enterprise. It is much easier under these conditions to produce maximum performance as it is under circumstances in which the worker may feel that his rights are being violated and his interests may not be of priority to management. In such circumstances, workers grievances escalate and their efforts decrease with a resultant drop-off in productivity levels.

Virtually every international labour standard contains the provision that in its application the stage of development of the country will be taken into consideration. In other words international labour standards recognized that there is a capacity issue and do not seek to impose on social partners obligations that are impossible to meet.

**Key Note**

ILS: Increases the capacity of the worker to perform by providing an enabling employment.

**Section: Module 2: - Declaration on Fundamental Principles and Rights at Work**

In similar vein, the ILO adopted the Declaration on the Fundamental Principles and Rights at Work and a statement of Decent Work principles. The Declaration on the Fundamental Principles and Rights at Work identifies several principles that are considered fundamental to the creation of a proper legal and organizational environment for work. These principles are:

- Freedom of Association and the effective Recognition of the Right to Collective Bargaining. The most basic of all the principles underlying the work of the ILO, freedom of association guarantees workers' and employers' right to join together freely and take action to protect their interests in the labour market and at the workplace. It extends to voluntarily negotiating terms and conditions of employment.

- The Elimination of Discrimination in Respect of Employment and Occupation. This right reflects the notion of equity. This right requires equal opportunity and treatment in all aspects of work, from training to recruitment and pay to working conditions. This paves the way for individuals and society to maximize their human potential and receive a fair return for their work.

- The Elimination of all forms Forced or Compulsory Labour. This basic right embodies the simple idea that one shall be forced to work, that is, to perform work on a non-voluntary basis or under threat of being penalized. It calls for the suppression of forced or compulsory labour in all its forms.

- The Effective Abolition of Child Labour. Childhood is a period of life that should be consecrated not to work but to education and development. This right states that children should have the opportunity to develop physically, mentally and morally to their full potential before entering working life at an age fixed by the Government.

**Section: Module 2: - The Decent Work Principle**

In 1999, the Director General of the ILO produced a Report on Decent Work, which was presented to the International Labour Conference in June of 1999. This document seeks to clarify the meaning of the concept of Decent Work and to align the strategies of the ILO in relation to this concept. The report states:

“The ILO's mission is to improve the situation of human beings in the world of work. Today, that mission finds resonance in the widespread preoccupation of people at times of great change: to find sustainable opportunities for decent work…. 

... The primary goal of the ILO today is to promote opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity.

This is the main purpose of the Organization today. Decent work is the converging focus of all its four strategic objectives: the promotion of rights at work; employment; social protection; and social dialogue. It must guide its policies and define its international role in the near future.”
The report goes on to define the concept in the following terms:

"Decent work means productive work in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities. It marks the high road to economic and social development, a road in which employment, income and social protection can be achieved without compromising workers' rights and social standards."

The concept therefore embodies the Fundamental Principles and Rights at Work as well as the Labour Standards that have been set out in 176 Conventions and 183 Recommendations of the ILO. Where the Fundamental Principles and Rights at Work focus on freedom of association and the effective recognition of the right to collective bargaining, the elimination of all form of forced or compulsory labour, the effective abolition of child labour and the elimination of discrimination in respect of employment and occupation, the statement of Decent Work principles brings greater focus on the issues of creating employment, social protection and social dialogue that are themselves part of the International Labour Standards.

SUMMARY POINTS:

- ILS nurture the development of the worker and eliminates the de-humanisation of the worker
- ILS Increase the capacity of the worker to perform by providing regulation on matters such as employment policy, labour administration and industrial policy, wages, working time, and flexibility.
- The Principle Decent Work is the converging focus of all the four strategic objectives of the ILO: the promotion of rights at work; employment; social protection; and social dialogue.

Section: Module 3: - ILS and The Modern Manager
International Labour Standards and The Modern Manager

OBJECTIVES

- Discuss the evolving role of management in enterprises
- Demonstrate the utility of ILS to the modern manager

Module 3: - Management of Enterprises
Management of Enterprises

While globalisation has meant an opening of markets to international competitive forces, it has also led to the adjustment and restructuring of the economic activities in many countries, by shuffling the rate of growth and rising importance of certain sectors at the expense of others. More and more, managers have to play a dynamic role in a rapidly changing environment. To this end, they need to mobilize not only the human energy available, but above all to liberate to their full potential the creativity and commitment of their staff to the enterprise goals of survival and growth. In the Caribbean region, lower labour costs if coupled with energised and creative manpower at all levels, then that could give these enterprises a comparative advantage in the global market place.

In such an environment, expertise, knowledge and calculated risk taking has assumed greater importance and idea generation and creative thinking have become the hallmarks of entrepreneurial behaviour. As such, enterprises must now leverage the human capital which has become its most sustainable and competitive advantage. In leveraging human capital, enterprises are now challenged to decentralize decision-making and to give more responsibility to the lower echelons. Organisations must strive to create environments which prosper on individual and collective learning and critically monitoring, disseminating and using new knowledge. In other words, the creation of the knowledge/learning organization is of prime importance in the new productive drive. This approach almost guarantees success by facilitating enhanced intellectual growth and performance from the worker and the long-term sustainability of the enterprise, by building on the human resource. In fact, it is from such an environment that the knowledge worker is born and nurtured.

To encourage the formation of the learning organisation, management practices have evolved and are critical to the ability of enterprises to be competitive. To nurture and maintain this dynamic knowledge structure, communication channels between people must not only remain open but unimpeded and stimulated. In as
much as knowledge may be transferred by prescriptive rules and steps, and further aided by emerging technologies, it is as important to recognise that it is through common interchange between workers that most work processes are learned and perfected and through which a great deal of knowledge is transferred. People are also central to culture and an aggrieved workforce does not lend to a sound and facilitative corporate culture. This is why the manager's role has assumed such importance and as will be demonstrated later, why the ILS has become such an important managerial tool.

As organisations have developed, so too have managers’ roles evolved along with it. The contemporary manager is now required to:

- Have a vision, be able to foresee changes and to be capable of developing alternative strategies
- Mobilise resources effectively
- Motivate staff and encourage creative approaches
- Be a good communicator who can interact with his staff
- Affect a wide range of problem solving strategies and encourage his staff to do the same.
- Champion the cause for change
- Build and manage competence among his/her workers through training and by providing a satisfying working climate

**Key Note**

The role of the manager has changed. Can you identify some of the new roles of the manager?

**Module 3: ILS and Managerial Strategy**

Enterprise managers do not normally refer to ILS. However people have assumed great importance in the attainment of higher levels of productivity and increased competitiveness, as a result, leaders must now implement a range of new initiatives which focus on protecting and inspiring the labour force.

In this respect, ILS is a component of managerial strategy and contribute to the creation of a safe, healthy and productive working environment. In fact, ILS can be integral in improving labour productivity per unit produced or service rendered and even limiting costs by virtue of providing safe, secure and conducive work environments.

Conventions and recommendations also aim at the development of workers to ensure maximum self improvement and value added. To the enterprise, all these benefits are incentive for the contemporary leader to acknowledge the practicality of the ILS. ILS can provide practical solutions and guidance for workplace issues. The educational dimension is also far reaching as they can provide international practices in a number of fields of interests for managers. Above all, knowledge and application of the ILS can serve to provide the manager with a social orientation that can help develop the manager more holistically. Not only can these practices aid the manager in the present execution of duties but so too can they indicate possible problem areas for future attention.
CHAPTER 3

Section: ILS as Strategic Tools in Enterprise Development

The previous chapter showed that the design of International Labour Standards facilitates human resource development which is the necessary component for modern productivity growth. This chapter seeks to build on that argument by demonstrating that companies can utilise ILS as a strategic tool. Furthermore, this chapter introduces the user to the Quick Guide to Human Resource Related ILS Strategies. The Guide is a one-stop directory for users to be able to cross reference modern strategies and advantages with appropriate ILS.

STRUCTURE OF CHAPTER

The structure of the chapter comprises two modules:

1. Module 1 which develops ILS as a Strategic Tool

THE OBJECTIVES OF THE CHAPTER

The objectives of the chapter are as follows:

1. Link ILS with HR and Enterprise Development
2. Introduce the reader to the correlation between HR Related Strategies, Enterprise Management and ILS.

USER OUTCOMES

On completion of this chapter users should be able to;

1. Identify with ILS as a Strategic Tool
2. The user should be familiar with the relationship between specific ILS and specific enterprise strategies

Module 1: ILS as Strategic Tools

OBJECTIVES

- Discuss the current state of Caribbean Enterprises
- Demonstrate the effectiveness of ILS as a Strategic Tool
- Highlight The Quick Guide to Strategic Human Resource Related ILS

International Labour Standards as Strategic Tools

ILS as Strategic Tools

International Labour Standards can serve as strategic tools assisting enterprises in the Caribbean to grapple with the challenges of change brought on by international economic forces. The need to be able to compete in a marketplace that is rapidly changing, is rules-based and calls for enterprises to determine their own ability to compete and also requires that enterprises should seek to leverage all of their resources in the most effective manner - whether these are human and intellectual, financial, or material. As noted above, ILS can be of use either by preventing a waste of resources or by leveraging resources of the enterprise.

In the Caribbean the endowment of the human resources is easily the single most significant factor in the economic landscape. The region, with the exception of Trinidad and Tobago, Jamaica, Guyana and Suriname do not have high endowments of natural resources. Indeed in all the countries, with the exception of Guyana, Suriname and Belize's population densities are high. The challenge to the enterprises and social partners in the region is therefore to effectively leverage this endowment, given the other resource constraints. It has already been stated that in the Caribbean there is a lack of economic diversity which means that there is a strain on the existing industries to maintain high levels of job creation and to attract foreign direct investment. Further because of the lack of opportunities, there is also “brain drain” of the most needed talent.
ILS provides enterprises, workers and their representatives and governments with guidelines on how the human resources of a country can be more effectively leveraged. In a range of strategic and operational human resource management and human resource development issues, ILS not only identify important, and often critical, success factors but they also provide responses to these issues.

These issues were recognised and incorporated into the thinking of the ILS more than eighty years ago as the Founding Fathers of the International Labour Organization clearly identified the importance of these issues. The Preamble of the Organization’s Constitution states:

"Whereas universal and lasting peace can be established only if it is based upon social justice: And whereas conditions of labour exist involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled; and an improvement of those conditions is urgently required; as, for example, maximum working day and week, the regulation of the labour supply, the prevention of the worker against sickness, disease and injury arising out of his employment, the protection of children, young persons and women, provision for old age and injury, protection of the interests of workers when employed in countries other than their own, recognition of the principle of equal remuneration for work of equal value, recognition of the principle of freedom of association, the organization of vocational and technical education and other measures."

Enterprises, which utilize the ILS to address existing imbalances, can do so with confidence that the enterprise experience will be positively reshaped to add value and increase the welfare and quality of working life and productivity.

**SUMMARY POINTS:**

- In the Caribbean the endowment of the human resources is easily the single most significant factor in the economic landscape.
- ILS provides enterprises, workers and their representatives and governments with guidelines on how the human resources of a country can be more effectively leveraged.

**Questions**

- Do you agree that the HR component of an enterprise is now the most important factor in enterprise productivity?
- Can you identify some constraints to Enterprise Productivity other than those stipulated?
- Can you identify any ways in which human resources are devalued in your company or your country?

The ILS are relevant to strategic human resource management in the Caribbean workplace. These emanate from a number of ILO conventions and recommendations. Each of the instruments, however do not only address one strategic challenge. In fact, the instruments identified deal with more than one workplace issue. The following quick guide is therefore developed below to give the user of this manual a quick but concise and precise analysis of strategic challenges which the modern enterprise faces together with the ILS which would most relate to such a challenge.

### Strategy 1
**Attracting and retaining a high quality work force**

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<tr>
<th>Actions</th>
<th>ILS Instruments</th>
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<tr>
<td>Non discriminative policies</td>
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<td>Sound hiring practices</td>
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<td>Training and development programmes</td>
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<td>Good payment schemes</td>
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<td>Job enrichment and enhancement</td>
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<td>Workplace and worker flexibility</td>
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<td>Networked organization</td>
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<td>Free flow of information</td>
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### Strategy 2
**Motivating Workers**

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<td>Management-labour co-operation</td>
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<td>Trust building</td>
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### Strategy 3
**Creating buy-in to the goals and vision of the enterprise by workers**

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### Strategy 4
**Development of strategies for competitiveness and productivity**

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### Strategy 5
**Increasing innovation in the workplace**

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### Strategy 6
**Negotiated arrangements**

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<td>Mediation, conciliation, arbitration etc.</td>
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### Strategy 7
**Performance and Productivity Improvements**

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### Strategy 8
**Improve Security of Employment**

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<td>Non discriminatory practices</td>
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<td>• R119 Termination of Employment Recommendation, 1963</td>
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**Increasing Customer Satisfaction**

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**Securing the Value of Investments and Protecting the Future of the Company**

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**Minimising Workplace Disruption**

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**Improved Company Image**

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**Team building and teamwork**

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**Working time flexibility**

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## Summary Points

ILS impact upon strategic challenges in the enterprise including:

- Attracting and retaining a high quality workforce
- Motivating workers
- Creating buy-in to the goals and vision of the enterprise by workers
- Development of strategies for competitiveness and productivity
- Increasing innovation in the workplace
- Negotiated arrangements
- Performance and productivity improvements
- Improve security of employment
- Strategic planning
- Product and process improvement
- Increasing customer satisfaction
- Securing the value of investment and protecting the future of the company
- Minimising workplace disruption
- Improved company image
- Improved working conditions
- Team building and team work
- Working time flexibility
CHAPTER 4

Section: International labour Standards and Best Practice Applications

Having already introduced the user in the previous section to the International Labour Standards which impact directly upon specific human resource issues for the Caribbean workplace, in this chapter, six critical issues have been identified. These workplace issues can be addressed through a number of ILS. In each instance, the principle of the Standard is discussed which leads to an explanation of the Standard’s link with productivity and competitiveness. This discussion is supported by practice by Caribbean Enterprises which have adopted the High Road Strategy to productivity and competitiveness. The six principles to be discussed are, Freedom of Association and Collective Bargaining; Equality of Opportunity and Treatment; HR Development; Workplace Partnerships; Termination Issues and Employment.

STRUCTURE OF CHAPTER

The structure of the chapter comprises One Module which will detail six the workplace issues. These will be supplemented by examples from Caribbean practices.

THE OBJECTIVES OF THE CHAPTER

The objectives of the chapter are as follows:
1. Examine the implications of the issues identified for the Caribbean workplace.
2. Demonstrate how ILS can assist enterprises to address the issues.
3. To show that International Labour Standards are not abstract and can be implemented at an enterprise level and be an effective management tool.

USER OUTCOMES

On completion of this chapter users should be able to;
1. Understand the link between the specific ILS and productivity and competitiveness when implemented in Enterprises.

Section: Module 1: Core International Labour Standards and Enterprise Applications

OBJECTIVES

• To inform on International Labor Standards
• To demonstrate the practical application of principles in a workplace setting.

CORE INTERNATIONAL LABOUR STANDARDS AND ENTERPRISE APPLICATIONS

1. Freedom of Association and Collective Bargaining
   • C87 Freedom of Association and Protection of the Right to Organize Convention, 1949.
   • C98 Right to Organize and Collective Bargaining Convention, 1949

The Principle

The ILO considers that it has the solemn obligation to further among the nations of the world programmes which will achieve the effective recognition of the right to collective bargaining and this principle is fully applicable to all people everywhere. This standard has two inseparable components – freedom of association and the right to collective bargaining.

The right to freedom of association seeks to provide guarantees to workers and employers alike to freely associate and align with organisations of their preference for the promotion and defence of their occupational interests. It promotes the very basic human right to democratic representation in full freedom.

The right to collective bargaining is the other side of this coin. It seeks to facilitate the free flow of communication which is essential in an effort to resolve differences, build relationships and plan strategically for the future. This right recognises implicitly that while management and labour share common interests in the welfare of the enterprise there will always be differences in any social interaction. It therefore presents the opportunity for constructive dialogue leading to mutually rewarding compromises.
Key Note

- Workers and employers have the right to form or join organisations of their choice
- The right to collective bargaining builds relationships through collaboration, collective negotiation and joint problem solving

2. ILS Link with Enterprise Productivity and Performance

Most enterprises are part of a business organisation; some enterprises are actually members of more than one business organisation. Enterprises recognise the benefit of these associations in sharing knowledge, sharing strengths, reducing weaknesses, networking etc. Nonetheless, when workers seek to exercise the same rights and promote their interests through membership in unions, there is very often great suspicion.

In part this orientation is due to the historical adversarial relationship that has existed between management and labour internationally, in general, as well as the special circumstances of the Caribbean. Unions and their officers are seen as disruptive, complicating the working environment and interfering with the management's right to run the enterprise.

In the current environment, observance of the international labour standard governing freedom of association and the right to collective bargaining can be one of the main foundations for establishing a new and collaborative form of workplace partnership between management and labour with several positive implications for the enterprise.

There are, however, a number of factors that are required to make this standard work for an enterprise.

a. Orientation of management to the workers’ organisation.

All too often management has a negative predisposition to the workers’ organisation. A positive orientation to the workers' organisation brings with it a greater sense of mutuality. Additionally, the effort required to continually resist even the establishment and/or recognition of a workers’ organisation in the enterprise is dissipated effort that could be better used for building the enterprise. The fight to deny freedom of association and collective bargaining serves to poison the work environment.

The case of the Eastern Caribbean Group of Companies is instructive. The Eastern Caribbean Group of Companies (ECGC) is a group of four companies engaged in the milling of flour, rice and animal feeds and conducts operations in St. Vincent and in Guyana where it operates a rice farm and mill. The four subsidiary companies are: the East Caribbean Flour Mills, East Caribbean Feeds, East Caribbean Rice Mills and East Caribbean Packaging.

The company is privately held as a joint venture between local interests, the Government of St. Vincent and the Grenadines and the Maple Leaf Milling Company of Canada. Most of its operations are conducted from its St. Vincent base where it employs some 229 persons. The company is currently unionised and all eligible workers belong to the recognised union, the National Workers' Movement.

Additionally, the company has had and continues to face the challenges of fluctuating sales and fortunes in the market place, including the failure of some of the governments in importing countries in the Eastern Caribbean Region to enforce agreements made at the level of CARICOM and the OECS. As a consequence of these changes, as well as other market and economic conditions, the company has also had to address the need to terminate some members of staff from time to time.

The company clearly identified that a strategic approach to human resource management, development and administration was the primary requirement for dealing with the critical issues that it faced. The issues essentially concerned human resource issues and this therefore commanded the primary focus of the company's attention.

The company therefore set out to achieve the following objectives through the adoption of a number of human resource management strategies.
- Facilitate the entry of the union chosen by the workers.
- Create an environment within which all parties could engage each other, build trust and produce satisfactory results.
- Ensure a stable working environment in which the union and the workers would become partners in achieving the company’s overall objectives.
- Contribute to the motivation and improved morale of the staff.

**Questions**

Review the manner in which the ECGC deals with its worker issues and compare it to your company’s. What are the differences? What needs to be changed? How can you play a part in this change?

**b. Communication to the workers and their representatives**

It is important for workers to be convinced of their stake in the enterprise. Many managers by their orientation and behaviours do not convey to workers and their representatives that they actually have a stake in the enterprise. Workers who believe that they are stakeholders have a far greater orientation to support the sustainability of the enterprise.

In the case of The St. Vincent Electricity Company VINLEC this was also one of their planks. The partners created a “Social Compact” between the union and the company. The company and union negotiated a “Recognition Agreement” in which they both recognised and adopted a statement of mission as their guiding principle in dealing with all matters. This Recognition Agreement sets out the spirit, purpose and scope of the Agreement; the explicit recognition of the union for the relevant categories of workers by the company; the rights and responsibilities of the employer, and those of the Union. In this regard, the company had significant help from the union, which had previously negotiated similar agreements with other employers in St. Vincent.

In part the agreement states: “This Agreement is also intended to promote economic and efficient operation of the works of the Employer, avoid industrial disturbances, achieve the highest level of Employee performance consistent with safety, good health and sustained effort and, to those ends, the Union and the Employer shall together negotiate...

This Agreement is also intended to promote economic and efficient operation of the works of the Employer, avoid industrial disturbances, achieve the highest level of Employee performance consistent with safety, good health and sustained effort and, to those ends, the Union and the Employer shall together negotiate...”

**d. Creation of conditions for workers’ representatives to contribute.**

Companies could invest in training to permit workers representatives to understand their role in the enterprise. This was another of the key strategies of the reorientation of the St. Vincent Electricity Services. The management of the enterprise actually made possible training for the union in areas which assisted in preparing the staff to manage their union affairs to create a stable institution that would work for the long-term interests of the company.

**d. Creation of conditions to encourage workers’ organisations to execute their responsibilities**

Employers can contribute to the creation of an atmosphere of mutual respect and trust. It is a small investment in time and money when compared to the payoff if workers representatives are provided with facilities to enable them to conduct their affairs. These relate to non-physical issues such as sharing of information and to physical issues such as the provision of physical facilities when needed.
Benefits
The right to freedom of association and collective bargaining is also linked directly to enhanced performance through:

a. Forums for discussion:

b. Trust building

c. Joint problem solving

d. Reduction of time lost

a. Forums for Discussion

The value of the forum for discussion is from two perspectives. In the context of the workplace while it is important to have a free flow of ideas it is important that discussion be as structured as possible to ensure that there is minimum misinformation, misunderstanding of messages and conflict of messages. This is especially true in larger work places or in those enterprises that have more than one establishment. (See a fuller discussion on communication and collaboration in the workplace in the examination of the standard at section 4 of this module).

b. Trust Building

Research has shown that there is a common view among all three social partners that lack of trust ranks as one of the most significant hindrances to productivity improvement in the Caribbean. The lack of trust is especially detrimental in conditions where both parties have to make fundamental adjustments to accepted and historical patterns of behaviour and where these changes will require sacrifices on both sides. The question of who takes the first step and whether those “concessions” will be reciprocated are important considerations.

Recognition of freedom of association and collective bargaining is an appropriate beginning in the process of trust building for advancement of the enterprise. Facilitation of this right by the enterprise raises the perception of the workers that their’s is a valued contribution and they are valuable to the enterprise.

c. Joint Problem Solving

The challenges faced by most enterprises are complex and can be expected to become even more so as the environment continues along its present part of development. The imperative of competition and the need to become increasingly more productive will require that the enterprise avails itself of all the resources at its disposal. Moreover in implementing solutions the buy-in of all involved in the enterprise is important.

At best, the enterprise wants its workers to actively contribute to identifying problems faced and developing solutions. At the minimum, the enterprise wants that its workers do nothing to prevent this process. It is an accepted fact that the source of many solutions to enterprise problems can be identified by workers. Workers are on the front line and have a familiarity with processes that sometimes management is removed from.

d. Reduction of time lost

In a healthy environment in which there is mutual respect and trust, buy in from workers managers and stakeholders in the sustainability of the enterprise and the course of action necessary for that sustainability, worker stoppages, whether originating from management or from labour would not be a first resort.
2. Equality of Opportunity and Treatment

- C100 Equal Remuneration at Work Convention, 1951

The Principle

Discrimination constitutes a violation of rights enunciated by the Universal Declaration of Human Rights. Discrimination, for the purposes of the International Labour Organization, includes any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin which has the effect of nullifying or impairing the equality of opportunity or in employment or occupation.

It is difficult, if not absolutely impossible, to find any positive result from discrimination practices in the workplace. Discrimination in opportunity and treatment is clearly against the best interest of the enterprise and should have no part in the modern enterprise seeking to develop its international competitiveness and improving its productivity.

Text Box 2.1

Effects of Discrimination in the Workplace

The effects of discrimination are all negative and include:

- Reduces the pool of qualified resources available to the enterprises
- Reduces the ethical culture of the enterprise. An enterprise that has a pattern of discrimination, whether deliberately, unwittingly or clandestinely is on a slope of comprise which will invariably demonstrate itself in other areas of the enterprise's operation
- Promotes inefficiency since an enterprise that has limited its access to the human resource pool starts off being disadvantaged.
- Creates a poor image of the enterprise
- Reduces the attractiveness of the enterprise as a quality employer thereby further denying the enterprise of the most competitive resources.
- Demotivates those sections of the workforce which are discriminated against in the enterprise.
- Reduces accountability among those sections of the workforce for which discrimination runs in their favour
- Reduces the concept of stakeholdership and buy-in in the enterprise.

The ILO advocates that recruitment, remuneration, promotion, training and other processes related to the workplace should be conducted in an environment that is free from discrimination in opportunity and treatment. The criteria applied to the processes of human resource management should relate strictly to the candidate's ability to perform the job; any other criteria is not only unjust, but dysfunctional for the enterprise.

The international marketplace does not (and cannot) recognise a product produced by this race or that; produced by male or female; produced by this ethnic or cultural group, but rather the importance of price and quality. In this context the enterprise needs to be certain that there is efficiency and effectiveness at all points of its production processes. This includes the processes of hiring, remuneration, promotion and training. Discrimination produces inefficiencies in the very structure of the enterprise and is difficult to correct once institutionalised.

In the process of hiring, discrimination robs the enterprise of access to the full pool of resources which can contribute to its effectiveness. Once the pattern is established at this level it will multiply its effects in the enterprise.

Key Note

- Discrimination can manifest in various practices as; the processes of hiring; remuneration; promotion and training.
- Discrimination produces inefficiencies in the very structure of the enterprise and is difficult to correct once institutionalised.
Equality of Opportunity and Treatment and Productivity

In the Caribbean, while there is large labour force, as we have seen, there continues to be a severe problem of shortages in a wide range of skill categories especially the newer categories of workers. Accordingly, the labour market for these categories of workers is especially competitive.

The root causes of discrimination are varied and it may not be appropriate to explore for the purposes of this guide. It is clear though that once discrimination is established in an enterprise it could be extremely difficult to correct and its insidious effects might be felt long after the effort to correct the pattern has started. In other words discrimination is a practice that is best never started.

Once it has been identified as a problem, structured and firm attention needs to be taken to respond to discrimination in the work place. The enterprise needs to make a clear and unequivocal commitment to the elimination of all discriminatory practices. One good way to do this is to have a statement that is imbedded at the highest possible level of the enterprise (its vision, mission or operating philosophy). This should be buttressed by a practical set of policies and procedures which aim to ensure (a) that future actions in hiring, remuneration, promotion and training are not tainted by discriminatory practices; (b) that where discrimination has existed and it is possible to correct the manifestations, it will be done.

Finally, in cases where the impacts of discrimination are so pervasive that it infiltrated the very culture of the organisation, it might be necessary to have special sensitivity training for both management and employees to be able to deal with the situation required for equality of opportunity and treatment.

To effect these changes it is useful, if not indispensable, for the development of policies and procedures to be done in partnership with workers and their representatives. Once again the purpose of observing the standard is not only because it is just and right, but it will also open new opportunities to the enterprise to face the challenges of the international marketplace with high levels of productivity and greater international competitiveness. This is done in at least three ways.

First the absence of non-discrimination opens a new range of options to the enterprise in terms of the talent pool that becomes available to it. Second, the attractiveness of the enterprise as an employer of choice is increased; making it possible for the enterprise to attract the best talent that is available. Third, it creates an environment in the work place which encourages workers to commit more significantly to goals and the mission of the enterprise.

Questions

- Have you ever been the victim of discrimination in your workplace?
- Have you ever witnessed discrimination in the workplace?
- How can it be erased?

3. Human Resource Development

- C142 Human Resource Development Convention, 1975

The Principle

We have noted above the human resource-rich endowment of the Caribbean. With this numerical endowment, however, there are issues related to the possession of the skills and competencies that are necessary to compete in the globalised economy. The sense that the educational systems in the region are producing either the number of profile of skills necessary for the high productivity and international competitiveness has been confirmed by the experience of PROMALCO during the period January 2001 to October 2002. Representatives of employers, workers and government have confirmed that education, training, competencies, appropriate skills etc are critical success factors for competitiveness that are not adequately met by the current systems.

Moreover, with the changes taking place in the global market place it is no longer sufficient for enterprises to have a reactive orientation to human resource development. The enterprise that proposes to be sustainable needs to ensure that it proactively contributes to the development of appropriate worker profile for its needs. This has two dimensions to it. One is the development of the workers that are already available to the enterprise, i.e. workers who are in the employ of the enterprise. The second is to contribute to the development of the future work force. The first issue is one that is completely within the control of the enterprise, the second is one that requires a contribution to the development of the social capital of the country.
The ILO views human resources development to be, in part, “activities directed to identifying and developing human capabilities for productive and satisfying work and to improve the ability of the individual to understand and to influence working conditions”.

There are four elements which are readily recognisable in the ILO’s approach to human resources development:

- The inherent value of the human resource to the development of society.
- Human resources development needs to take place within the appropriate economic and social context.
- Human resources development can be a critical element in proactively positioning an enterprise and a country to take advantage of the opportunities which exist in the international economic and trading system.
- The individual has a contribution to make to the workplace.

The Link with Productivity and Competitiveness

The International Labour Standards relevant to human resources development are contained in a single comprehensive recommendation which addresses, among other things, how through the systematic development of human resources, the enterprise and the society can positively impact on sustainability and effective performance.

The governing convention and recommendation, R150, is especially useful because it is laid out almost like a “how to” manual offering very practical steps in the process creating a cadre of human resources who contribute not only to the present needs of the production process, but also to anticipate future needs and to cater skilfully for them. In this regard the recommendation has a powerful planning aspect that is important for the countries of the Caribbean.

Another strength of this instrument is its clear demarcation of activities can be undertaken at the level of each of the social partners, including a set of enterprise specific activities. Additionally it outlines activities which can be undertaken jointly by employers with the other social partners.

The benefits of a comprehensive HR Strategy are clear to see from the following real application.

Section: Module 1: Case : Trinidad Cement Company Ltd (TCL)

Trinidad Cement Ltd. was created as a publicly owned company, listed on the local stock exchange when the Government divested its majority ownership to the general public including employees of the company. Prior to the implementation of a new strategic approach that began in 1996, the company had been experiencing an average of two full or partial stoppages per year due to grievances between management and the union and work force. There was at least one full strike, and industrial agreements required the intervention of third parties before they were settled.

As a result of these circumstances the company operated at roughly 50% of benchmarked plant capacity and plant availability and efficiency averaged almost 30% below international standards.

The company implemented a number of plant improvement strategies including introducing a new fully automated kiln that never achieved the efficiencies that were expected.

The company concluded that the existing relationship with its workers and their unions was inimical to the achievement of long term success in the context of the rapid changes taking place in the competitive environment, and that success required a substantial change of approach for which management held the responsibility.

Challenges

The company recognised the following business challenges that required effective strategic actions if the company were to be able to survive.

1. The threat of being absorbed by or merged into a global company in which there would be the risk
that the local operations would cease.

2. The increasing availability of competitively priced product from other sources, whether or not charges of dumping could be substantiated.

3. The need to generate significant improvements in plant efficiency, availability and capacity utilisation.

4. The need to increase and maintain a level of return to shareholders so that capital that may be required in the future for growth, expansion or maintenance would be readily available.

5. A less than optimal industrial relations climate evidenced by:
   - 1984 - 1995: 2 Full or partial work stoppages/yr. Estimated cost (at today's rates) over the period $42M
   - 47 unresolved grievances/disputes - 9 at Ministry of Labour & 3 at Industrial Court
   - Dysfunctional relationship between Management & Union
   - Plant availability & efficiency below 70%

Change Organisational Culture

The company's strategy was based on the development of a new philosophy by the management, encompassing the following decisions and declarations:

- The entire employee population and their trade union representatives would in the future be treated as valuable, value adding, strategic partners and stakeholders.
- That the language and values of the organisation would reflect this commitment.
- That a new organisation statement of purpose supported by a declared human resource vision would be fashioned to reflect the new values.
- That independent consultants would be engaged to conduct employee Morale Surveys to provide clear and untainted feedback on all issues.

The Human Resource Vision Statement

- To create a family of employees within the TCL Group of Companies where individuals feel confident that they are participating, contributing, recognised and rewarded for the success of the Company.
- Where employees are valued as precious, special people, secure in the knowledge that the Company will at all times seek their long-term interests and be supportive in times of need.
- Where Health and Safety concerns are paramount and accidents are non-existent. Where the Company is concerned about employees' family life and creates work systems and after-work activities to support this ideal.
- Where employees really feel that the Company sees them as individuals, encouraging self-development, growth, progress and advancement, not only in their careers but also in their personal lives.
- Where honesty, integrity, fair play, trust and respect abound and employees feel pride in their association with the Company and each other.

Labour-Management Partnership

The main initiatives implemented were jointly conceived by the stakeholders and included:

- Establishment of a forum encompassing all groups to identify and address company wide problems.
- Workshops for managers to address the new requirements for relationship building.
- Workshops for rank and file employees, sometimes with the participation of managers and supervisors to communicate the changed approach.
- Re-establishment of a non-crisis forum.
- Revision of performance standards.
- A revised and new negotiating strategy that emphasised commitment to bilateral settlement and productivity bargaining.
- Monthly departmental meetings and structured focus group meetings where managers were directly responsive to employee work teams.

Performance and Results

In defining its expected outcomes, the company established certain qualitative targets relating to the quality of the relationship between management and the union and the employees. These included:

- The creation of a work environment with significantly reduced hostility and moving towards industrial peace;
• Empowerment of the workforce to take ownership of the plant, thereby improving plant availability, efficiency and productivity which would ultimately sharpen the company’s competitiveness and positively impact its bottom line; and
• A collective bargaining process and an industrial relations climate that would be characterised by trust and good faith leading to win-win bilateral settlements within shorter time frames.

Satisfaction surveys conducted in 1997 and 1999, the overall index of satisfaction of employees was estimated at 65% and 63% respectively, compared to 52% in 1996. This represented a significant increase in overall employee satisfaction as a result of the implementation of the new approach to industrial relations management and the company’s human resource vision.

Other results included:
• Negotiations for new collective agreements in 1997 and 2000 were completed within a record 3 months of commencement without disruptions or external intervention.
• Plant efficiencies and availabilities have averaged over 90% between 1997 and 2000.
• Cement productivity has increased by over 50%.
• Employee earnings and real income have risen appreciatively over the last four years in terms of rates of pay, bonus awards and employee share ownership.
• The rate of absenteeism has fallen to less than 10 days per year per employee.
• There has only been one instance of industrial action in the 1996 – 2000 period, and that did not lead to any loss of production time.
• By March 1997 45 of 47 disputes that had been long outstanding in 1995/96 had been resolved. Since then, no new disputes have been reported to the Ministry of Labour or referred to the Industrial Court.
• Workplace disruption reduced

Key Note

TCL’s comprehensive HRD Strategy made it possible for significant changes in the fortunes of the company! Take some time to review the HR focus and strategy of the company and to note these down, as well as comparing these with HR Strategies in your own company.

4. Workplace Partnership
• R94 Co-operation at the Level of the Undertaking Recommendation, 1952
• R129 Communications within the Undertaking Recommendation1967

The Principle

Another of the constraints which has been identified by Caribbean social partners as having an effect on productivity and international competitiveness is the absence of a sense of common purpose and interest in the prosperity of the firm on the part of employees.

This is especially important in Caribbean enterprises for a number of reasons. Most Caribbean enterprises are small. One of the constraints of small size is the limitation of engaging in specialist skills which economies of scale allows for in larger enterprises e.g. skills related to design, research, planning, forecasting etc. Accordingly it is important that maximum use is made of the resources that are available to the enterprise. Moreover, it is known that in many enterprises the ready familiarity of staff with processes, customers’ needs etc. means that they potentially have an insight into better ways of doing things. The challenge for the enterprise is to nurture and harvest this knowledge.

Traditionally in the Caribbean there has been the orientation among management to keep information about the business to themselves. This orientation is born out of a number of cultural issues. First, there is lack of trust. Managers believe that workers and their representatives just cannot be trusted with information about the enterprise. Second there is lack of confidence in the worker and their representatives to understand and make good use of the information. Management is given, too often, to believe that workers and their representatives are just incapable of comprehending information about the enterprise. In other words, information is the preserve of the management. Accordingly, when information is shared, too often this information is either incomplete or even incorrect.

What then are the effects of workers and their representatives not getting relevant, timely and accurate
information about the enterprise?

**Key Note**

Accordingly it is important that maximum use is made of the resources that are available to the enterprise through the formation of productive workplace partnerships.

**The Link With Productivity and Competitiveness**

The process of harvesting the social capital of the enterprise is made virtually impossible in a working environment in which the worker believes that he or she does not have a stake in the future of the enterprise, that one is not valued as a person by the enterprise and that one's contribution is also of little value.

For the process of workplace partnerships to work information sharing is essential. The harvest of the potential of the human resources of the enterprise cannot be possible unless workers are in possession of the necessary information to:

- Secure their buy-in to the goals of the enterprise
- Understanding of the nature of the business
- Understanding where they fit into the business
- Understanding the potential of their contribution to the success of the business.

An example of the benefit of developing workplace partnerships is the Republic Bank of Trinidad and Tobago. The Bank has clearly placed worker involvement and **worker satisfaction** at the centre of its market strategy. The Bank clearly recognises the worker as a main client. In words of the Chief Executive Officer: “any action by the bank that leads to increased employee satisfaction also leads to increased customer satisfaction and ultimately to increased shareholder value”. Accordingly, the bank built a strategy on four people-centred pillars. The four pillars are employee involvement, programmes aimed at increasing employee satisfaction, training initiatives and bank/union partnering.

The first pillar, employee involvement, derives from management's view that a key requirement for dealing with the challenges confronting the bank is to gain and maintain the commitment of its employees. This requires keeping them informed, on a regular basis of developments and changes in business conditions and approaches, and continually keeping the channels of communication open.

To do this the bank employed with success a number of mechanisms, these included:

- A Leadership Forum in which supervisors and managers meet once a year to identify breakthrough results for the bank, the outcomes of which are also shared with the rest of the staff.
- Staff Forum which is held once every three years as a general staff meeting to collectively discuss the vision and direction of the bank.
- Straight Talk Sessions which are a series of monthly focus meetings where a cross section of staff from all areas of the bank meet with members of senior management to discuss issues.
- Branch Visits by members of the bank's executive team who individually make annual visits to all the branches and offices, at which time they may engage in general or in one-on-one meetings with staff.
- Staff Suggestions. The bank has instituted a Staff Suggestion Programme called “Pen to Paper” which encourages and rewards employees to actively review work processes and to suggest improvements.
- Employee Satisfaction Surveys. An annual survey is conducted among staff to obtain feedback from staff on their level of satisfaction on matters of importance to them and of relevance to the work environment, including rewards and recognition, job autonomy and the vision and direction of the bank. The results of these surveys are fed back to staff and to the action plans for improving weak areas.

This represents a fairly elaborate communication system within a fairly large organisation. However, the principles involved can be applied to any organisation making the adjustment for size and other specific characteristics. Indeed, the principles might be even easier to apply in smaller organisations, especially those that have single or few establishments.

Both the bank's management and the unions agree that the strategy has worked and that there are clear results that have been obtained from these efforts. Among the most note-worthy are:
• The resolution of over 30 long-outstanding disputes at the Industrial Court.
• The settlement of four collective agreements in a 4-year period, in a timely fashion and without third party intervention.
• It has been estimated that more than 100 trade disputes were averted as a result of the work of the teams at the non-crisis forum.
• A holding of a number of industrial relations seminars for managers, shop stewards that have either been jointly sponsored or have involved the participation of the unions.
• The bank was voted “Employer of the Year” by one of its unions.
• The bank has continued to increase the level of its profits consistently over the last three or four years.

The fundamental story of success for the bank has been the absence of acrimony in its relationships with the staff and the unions have allowed it to successfully pursue its other business strategies without disruption in its operations that may have been caused by lack of trust, industrial disputes and employee dissatisfaction.

5. Enterprise Restructuring

• C158 Termination of Employment Convention, 1982
• R166 Termination of Employment Recommendation, 1982

The Principle

The reality of the work environment is that employee termination is sometimes a necessity. Termination may be the result of two main processes: one disciplinary and the other as a result of restructuring in response to the economic environment. The International Labour Organization has developed standards to ensure that terminations, when necessary, are done in a manner which:

• Assures justice for the workers. The standard promotes the fair treatment of workers. This contributes to greater confidence in the enterprise on the part of workers and promotes a more fulfilling working environment. A comfortable working environment has been identified as one of the contributors to greater worker productivity.
• Minimises workplace disruption. In the event that an enterprise has to terminate staff for whatever reason, if not properly handled one of the consequences could be workplace disruption in sympathy with the affected workers and in protest to a policy or action which is seen to be unfair and which could affect other workers. This kind of workplace disruption could be costly or even detrimental.
• Minimises the possibility of the enterprise loosing inappropriate resources. A sound policy for terminations should take into account the needs of the workplace and the profile and number of employees required. All too often when terminations take place in response to the market situation, enterprises find that at the end of the process they have in fact lost the workers that are essential to survival or competitiveness of the enterprise. Moreover they find that to correct the mistakes costs even more.
• Maximises the opportunity for the enterprise to be able to retain access to resources should there be a reversal of the negative trend and expansion again becomes possible. Evidence from around the world also suggests that very often the process of restructuring is followed by a period of expansion of the labour force of the enterprise. In many of these situations the enterprise might wish to have access to the very human resources that were terminated. If the terminations were not justly handled, it reduces the opportunity for the management to have access to them.
• Maximises opportunities for workers to have access to their employment should there be a reversal of circumstances.

Key Note

When undertaken, termination, as much as is possible, should try to

1. Ensure justice
2. Minimise workplace disruption
3. Minimise resource loss
4. Retain access to resources
5. Maximise opportunities
The Link with Productivity and Competitiveness

We have maintained that the key to productivity and international competitiveness in the current global marketplace rests with the ability of the enterprise to attract, develop, motivate, and retain an innovative workforce focused on the goals of the enterprise. “Just and fair” standards for termination are one of the means that builds the image of the enterprise in this respect. Or, put another way, an enterprise that develops the reputation of not treating with its employees fairly in this regard will have difficulty in attracting and retaining the best of the labour market.

Section : Module 1: Case : Cable and Wireless, Barbados

Cable and Wireless

Background

By way of a Memorandum of Understanding dated October 16, 2001, the de facto merger of the Cable and Wireless BET and the Cable and Wireless BARTEL operations became an operational reality. Four entities comprise the merger partners – BET, BARTEL, CWCC – the Cellular Service provider, and CWIS the C&W Information Systems subsidiary.

BARTEL, which supplies local telephone service, was originally owned by the Government of Barbados before the sale of those interests to C&W in the early 90’s. On the other hand BET, which provided the external telecommunications and telex services, was and continues to be owned by C&W (West Indies) Ltd. CWCC, the cellular service provider, is a joint venture between BET and BARTEL, while CWIS is a wholly owned subsidiary of BET. Until the merger, all four companies operated as reasonably independent entities, with BET and BARTEL being listed on the Barbados Stock Exchange.

In addition to the merger, the regulatory environment for the telecommunications sector in Barbados has been changing rapidly, along with the competitive environment, and the changes in the global telecommunications market. These developments have established the strategic challenges that the companies faced.

Challenges

There are a number of strategic challenges that the company faces and that will significantly affect its operations, including the following:

- The merger and the integration of the cultures and operations that are its consequence.
- The stated intent of the government to terminate the monopoly enjoyed by BARTEL thereby intensifying the competition that the company faces in the domestic telephony market.
- The more general consideration of competition in the newer markets, such as mobile telephony and international long distance services.
- Changes in the regulatory environment that include the creation of a new supervisory authority as well as the de-monopolisation and liberalisation proposals.

Response

The merger is part of the strategy for dealing with the increased competition and with the expected changes in the regulatory and operating environment, and involves the integration of the management teams of the four entities.

Part of this challenge was the need to reduce costs in order to ensure the sustainability of the company in an environment where the external communications services effectively subsidised the rates charged for local service. As the United States and other countries have begun insisting that accounting rates for overseas services should be equalised, the company is less able to charge local customers premium rates for such services. Conversely, with the removal of the premium on overseas calls, the domestic service can no longer be subsidised by the overseas service. The company therefore had to manage its cost in such a manner that it could operate on the basis of cost-oriented pricing structure while not placing domestic service out of the reach of the average customer.

One of the fundamental elements of the strategy to achieve this was the reduction of the cost of labour, which was the major cost component.
In addition to the labour reduction strategy, the company also pursued a total quality management programme as well as process reengineering.

**Strategic**

The principal challenge for the company in this regard therefore was the management of the redundancy programme that became necessary. The cornerstone of this strategy was a voluntary separation plan.

The voluntary separation plan was integrated with a change management approach and contained a number of features.

1. A steering team, comprising representatives from the management, Board and the union, and supported by work group teams comprising of staff members and union representatives at each of the departments formed the nucleus of the approach to the management of the programme. In addition a number of joint staff meetings were held explaining the rationale for the strategy and for the selection of candidates for retrenchment or voluntary separation.

2. An outsourcing strategy was developed and adopted by the company in certain operational areas that were previously performed by some of the same employees who had volunteered for the separation plan. Outsourcing opportunities were developed in areas such as transport, wiring and cable work, messenger services and facility maintenance services.

3. Volunteers were enrolled in a series of training sessions and seminars in order to prepare them for leaving the employ of the company and to establish and manage their own businesses to which the company could outsource. Included in the training sessions, some of which were conducted by an industrial psychologist, were sessions on financial management and planning, on the management of funds, and on setting up and operating businesses.

4. Groups of separated employees were provided with critical facilities such as office space, the equipment they needed, computer support and, very importantly service contracts in order to kick start their independent operations.

5. The remaining work force were trained in a number of processes to help them deal with the adjustment, and to help them to be able to operate in newly reengineered processes that were heavily supported by the automation of operations.

**Company Culture**

The company also conducted a number of change management sessions in order to facilitate the creation of a new culture. Some of the cultural issues arose from the partially public service orientation of one company – BARTEL – with some 900 of the company’s 1,130 employees, as compared to the older, more conservative and cash rich BET that had always been part of the Cable and Wireless family.

**Customer Focus**

As part of this, the company created a new customer care centre incorporating operations, customer care and a help desk that provides customers access to customer service solutions with a single call to the office.

**Results**

The strategy was therefore to reduce employment, restructure operational processes and facilitate the adjustment to a new culture by which the company expected to successfully become market driven, customer-centric and service oriented.

The company has acknowledged very satisfactory results from the approach, even though it is still in the very early stages of the process. It can even at this stage point to a number of positive indicators:

- Since April 2001, some 250 employees or approximately 23% of the work force have accepted the voluntary separation plan.
- Several groups have already started service contracts with the company.
- The entire programme was implemented without any industrial action, disturbance or disruption. There was also no public outcry about the significant reduction in the work force.
Questions
1. Do you agree with the manner in which the issue of termination was dealt with?
2. How does your company policy compare?
3. Could have C&W dealt with it differently?

6. Employment
- C168 Employment Promotion and Protection against Unemployment Convention, 1988
- R169 Employment Policy (Supplementary Provision) Recommendation, 1984

The Principle
The international standard on employment is guided by an appreciation that employment in an economy is an important contributor to the health of the society. High unemployment contributes to social instability and has adverse effects on the labour force as a whole.

The ILO therefore advocates action by governments, employers and workers and their representatives to promote employment. In the case of employers the focus is on:
- The consequences of restructuring
- The consequences of new forms of economic activities
- The consequences of new technologies
- The impacts on special groups, e.g. young people
- Promoting the development of the future work force
- Promoting the development of competent work force
- Promoting the development of a skilled work force
- Improving the flexibility of workers
- Enabling enterprises to be able to better prepare themselves to interpret the trends in the wider society which will determine their employment needs

The Link with Productivity and Competitiveness
The governing convention and recommendation has a strong emphasis on planning for developments in the employment market. In part the Recommendation states: "When considering new technologies, which can have a major effect on workers, enterprises should:

a. Involve workers and their representatives in the planning, introduction, and use of the new technologies.
b. Inform workers and their representatives of new opportunities consequent on the introduction of new technologies

As early as 1964, R122 called for employers to study trends in the economic and employment situation and in technical progress and propose to public authorities and private undertakings action to safeguard employment security and opportunities for workers.

The standard also calls for employers to involve workers and their representatives in planning for adjustments in the labour market. The benefit of these approaches would be minimisation of uncertainty, better anticipation of change, more effective planning, and, consequently, reduction of disruption in the processes of the workplace as a result of unanticipated and unplanned change.

Section : Module 1: Case : Goddard's Enterprises

Background
Goddard Enterprises Limited is a well-diversified group with headquarters in Barbados and operations in 20 countries. The 80-year-old company was originally family-owned and managed, but became a public company listed on the Barbados Stock Exchange between 1977 and 1979. By this time, fewer members of the family were available for management. The shareholders made a decision to become a public company and to move from family-owned and managed, to family owned and professionally managed. As a result of the public quotation, the company now has approximately 1,300 shareholders including employees, local individuals, non-residents and local companies and institutions.

The change in ownership and management approach also heralded a change in the approach to human resource management and has had a profound effect on the overall management of the company's
Strategic Challenges

To facilitate the change to professional management, the company sought to ensure that the transition from family management to professional management would take place seamlessly and with the minimum disruption possible. This meant addressing the challenge of management development and succession planning, thereby ensuring that the company recruit and identify promising managers and preparing them for assuming future leadership roles.

A second challenge was the need to develop a structure and environment within which the many diverse companies might be effectively managed without the need for excessive head office control and direction. Among the requirements for achieving this was the need to delegate HR management responsibilities to the operational managers.

Strategy

Human Resource Management

One of the main concerns of the company was that of resolving the human resource management challenges that were posed by its change in management strategy. In order to do so, the company embarked on a number of initiatives designed to focus on the individual – his/her skills, management capacity, capacity to perform, including issues related to health and his/her ability to adjust to the new paradigm. In pursuit of these objectives the company adopted a number of measures as outlined below.

The elevation of the human resource management function to an executive level similar to the financial management and operations management functions.

The company initiated this by recruiting a professional manager for its human resource department and charging him with the responsibility of developing an appropriate human resource strategy and philosophy to guide future development. The philosophy identified excellence in individual performance as the key element in achieving high levels of corporate performance.

The decentralisation of human resource management responsibilities and functions and the allocation of human resource management responsibilities to operating managers.

The company concluded that the centralised system that it had been operating for human resource management was inappropriate to its needs because it did not adequately address the operational issues and needs of the diverse operational units, many of which were companies with minority shareholder interests. In this respect it was felt that there was insufficient integration between human resource management policies and activities and the units’ operational strategies. Consequently, the company developed a group-wide human resource strategy that was linked with the operational strategy of the divisions in a loop that connected group HR to operational HR linked to operations strategy that was itself linked to group business strategy with a feedback to the group HR strategy. This allowed HR to be linked both to divisional operational requirements to group strategy and to human resource management strategy.

The foregoing required

- The strengthening of the human resource management department at headquarters.
- The development and documentation of policies and procedures
- The training of operational managers to understand and perform the critical HR management functions that will ensure the required level of integration between operations and people management.
- Recruitment of human resource professionals with an enterprising spirit.

As a consequence, the HR function is now staffed by three professionals at headquarters and eight (8) professionals at different subsidiaries. The operational HR managers report to their operational managers and rely on the headquarters function to provide policy, guidance and information on best practices. In practice most HR authorities are generally delegated, but consultation is required for senior appointments.
Human Resources Development

Developing a focus on individual development and individual performance as the source of corporate performance.

This therefore provided the framework for a performance management system that established standards among employees with the agreement of managers and supervisors, and the periodic assessment of performance and results.

Gainsharing

Allied to this was a reward management system that entitles employees to share in the profits of the company based on the level of such profits, the improvement from previous year’s performance and other soft factors, such as the performance standards that had been established. The profit sharing plan also provided for executive stock options and an employee stock ownership programme.

Succession Planning

Focusing on training and development for individual members of staff, including management and supervisory skills and developing succession plans.

The issue of succession planning is an extremely important one for the company in the context of the requirement to prepare for a full transition to the creation of a professional management team. It has been possible to identify a cadre of successful or potential managers in a programme that identifies “young potential business leaders for tomorrow” – persons ready for promotion or advanced training for promotion in the future.

This programme has been complemented by a management trainee programme when it was perceived that the internal approach of the programme would be unlikely to close the gaps rapidly enough. The management trainee programme identified young brilliant university graduates and placed them on an 18-month programme involving experiences in all local areas, and leading to appointments in the managerial cadre.

The final element of the succession plan is an analysis of the persons who will be likely to retire in the next five-year period and an identification of the persons who might be most likely to replace them.

Key Note

Goddard’s strategy included:

1. HRD
2. Recruitment of HR Personnel
3. Succession Planning

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Glossary

International Labour Conference.
Supreme body of the ILO. Meets once a year in the month of June and brings together governments, employers’ and workers’ organizations from each of the 175 member states of the ILO (Tripartism). Adopts the ILO budget and international labour Conventions and Recommendations and determines the Organization’s policy and programmes.

Governing Body.
Executive body of the ILO. Elects the Director-General of the ILO, prepares the Organization’s programme and budget, sets the agenda of the Conference, determines the Organization’s standards policy and its technical cooperation policy, supervises the implementation of related programmes and implements the decisions of the Conference. It is composed of 28 government members, 14 employer members and 14 worker members. Ten of the government seats are permanently held by States of chief industrial importance. Representatives of other member countries are elected at the Conference every three years, taking into account geographical distribution. The employers and workers elect their own representatives respectively.

International Labour Conventions.
Instruments intended to create international obligations upon States which ratify them.

International Labour Recommendations.
Instruments providing guidance for action by governments, employers’ and workers’ organizations; they are not intended to give rise to obligations, nor can they be ratified by member States.

Committee of Experts on the Application of Conventions and Recommendations.
Established by the governing body in 1926 to examine government reports on the application of Conventions and other obligations contained in the ILO Constitution relating to International Labour Standards.

Committee on the Application of Standards.
Tripartite Committee of the International Labour Conference which takes as a basis for its work the report of the Committee of Experts. In its report to the Conference, the Committee on the Application of standards makes conclusions, inviting the governments concerned to provide clarifications and take measures, where appropriate, to overcome divergences observed between national law and practice and the provisions of ratified Conventions.

Decent Work Principle.
Decent work is the converging focus of all its four strategic objectives: the promotion of rights at work; employment; social protection; and social dialogue. Decent work means productive work in which rights are protected, which generates an adequate income, with adequate social protection. It also means sufficient work, in the sense that all should have full access to income-earning opportunities. It marks the high road to economic and social development, a road in which employment, income and social protection can be achieved without compromising workers’ rights and social standards.
High Road Principle.
Competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization and enhanced capacity to adapt to constantly changing economic environment. This approach envisages the adoption by business enterprises of techniques of strategic planning, environmental management and protection and strategic human resource management.
TITLE: Quick Guide to Productivity Improvement Strategies

Section: Introduction

Every society and nation aspires to raising the standard of living of its population. To achieve this end, it must strive to maximize the return from its resources or improve productivity so that the economy can grow and sustain a better quality of life. Caribbean countries are no different. They have resources such as oil and gas, mineral resources, agricultural products, and above all human skills that can be harnessed to propel growth, for the benefit of their citizens. Productivity enhancement in the Caribbean is becoming more and more essential to forge economic and social development policies due to three important factors:

- rapid population growth, means that more output must be produced to satisfy growing population needs.
- with globalisation, Caribbean firms are facing a stronger competition on regional and International markets for their exports and the services they offer, and from imported products on their own national markets.
- The more productivity increases, the more the size of earnings that become available for distribution to beneficiaries.

The purpose of this guide is to show how productivity can be improved, with particular emphasis on the role that human resources can play in this process. At first, this guide explores the concept of productivity and outlines productivity enhancement methods and strategies. It then moves on to examine the foreign and Caribbean experiences in productivity improvement highlighting the contribution made by sound labour management co-operation to that endeavour. It concludes by drawing up a practical guide to managers and workers representatives in this respect.

Productivity

What is productivity

Productivity may be defined as follows:

\[
\text{PRODUCTIVITY} = \frac{\text{OUTPUT}}{\text{INPUT}}
\]

This definition applies to an enterprise, a sector of economic activity or the economy as a whole. The term productivity can be used to assess or measure the extent to which a certain output can be obtained from a given input. An output can be, the quantity produced of a given product, the financial benefit accrued, the quality standard achieved, and so on. The input can be the man-hours worked, the capital invested, or the technology used. It can also be the size of the producing area or any other resources used to produce the given output.

Thus in measuring productivity, one can select the inputs and outputs he wants, to reflect best what he aims at measuring. For example, if one is interested in measuring the productivity of invested capital, one can use the earnings as an output and the amount of invested capital as an input. Similarly, to measure the productivity of labour, one can use the quantity produced as an output and the working hours as an input. Alternatively one can also use the quantity produced and the number of workers engaged in that production as an input. In effect, it is what a person is interested in measuring that defines what he or she selects as an output and input.

Many people have been misled into thinking of productivity exclusively as the productivity of labour, mainly because labour productivity usually forms the basis for published statistics on the subject. In actual fact, improving productivity or extracting the best possible yield from available resources does not mean that this can solely be achieved by reducing labour or cutting down labour costs. There are many avenues open to harness and exploit better various other available resources, which can in turn, lead to higher levels of productivity gains.
Productivity at the Individual Enterprise

Productivity at the individual enterprise may be enhanced through a series of external factors, as well as by a number of internal factors relating to its operation and which are within its direct control. Examples of the external factors include the availability of raw materials, government policies towards taxation and tariffs, existing infrastructure, interest rates or adjustment measures applied to stimulate the growth of certain sectors. These external factors are normally beyond the control of any one employer or manager. Internal factors, on the other hand, are those factors on which management can exert direct control. Thus an effective manager can pool, coordinate and use the different inputs at his disposal to achieve the desired output in a timely manner and at a minimum cost. In a typical enterprise, the output is normally defined in terms of products or services rendered. In a manufacturing concern, products are expressed in numbers, or by value, or by conformity to a given standard. In a service company, such as a travel agent, the output can be the value of tickets sold or average value of tickets per customer and so on.

On the other hand, the input, in an enterprise, is usually defined as the land and buildings available, the materials used, the machines and equipment employed, the energy consumed and the contribution that human resources can bring to bear. Should these inputs be used in the most efficient manner then productivity gains will ensue.

Human Resources and Productivity Gains

It was only in the 1930’s that our understanding of the preponderant role of the human being in the production operation became clearer. Prior to that, a man or a woman was looked upon as a mere factor of production. This was amply shown during the mass production operations of the turn of the last century when workers were confined to repetitive jobs on assembly lines which at that time was considered to be the most efficient manner of using their contribution. However, as our understanding of human and organisational behaviour deepened, it became clearer that the human being constitute the most valuable and most important resource that can impact on productivity, and with reason. If one is to take the various other inputs such as machinery and equipment, energy or raw materials, one can see that they are all passive ingredients. It takes an active labour force and management to breathe life into a production operation, harnessing these inputs together to get the desired products and achieve a particular level of productivity. Experiences have repeatedly shown that if people are able to enjoy a satisfying working climate, that meets their needs and their expectations, and better still, if they are motivated to contribute and participate actively in improving their methods of work, then higher productivity will result. Managers must be able to provide a motive or a reason for doing something, or make people to want to do it. The best of management plans or instructions may not be properly implemented or may be carried out in a sloppy or half-hearted manner if people do not feel that they belong to the enterprise, and have a stake in its success. If working people feel that their security is not threatened, that they are fairly treated and rewarded, that they are working in a safe, healthy and enriching working environment, then they will not only contribute their labour but also can come up with many useful suggestions that can lead to productivity improvement.

From Confrontation to Collaboration

At the enterprise level, both managers and unions have a stake in an enterprise’s well being. A successful productive enterprise offers a scope for career advancement, and provides a healthy forum for bargaining on the equitable distribution of income. Such a bargaining would become difficult in the case of a failed and money loosing company. It is for this reason that enlightened management and unions in many countries have moved from traditional confrontation to collaboration. This has taken various forms such as management labour committees or councils, which aim at discussing productivity as well as working conditions and other issues that are of mutual interest. Another form of collaboration has been the establishment of quality circles, particularly active in Japan and in Japanese multinationals, which examine ways of improving quality and productivity. In Scandinavian countries, this collaboration took the form of so-called new forms of work organisation and group production methods aiming at democratising work, by reducing managerial levels, and enlarging and enriching the job content, drawing on workers ideas and suggestions and their participation in that process.

In the Caribbean, the need is pressing to accelerate a participative approach in a similar direction. Experiences in the region have shown that poor labour management relations in the past impeded productivity gains restricting the ability of enterprises to compete in an increasingly open and competitive international environment. It is fortunate that the winds of change are blowing in the region and several examples of successful collaboration can indeed be cited, as will be shown later.
Collaboration, however, is often easier said than done. It requires, commitment, perseverance, a change of attitudes and hard work to build trust based on transparency, sharing of information, consultation, and agreement on shared goals. If collaboration is to be pursued in its own right and as a management strategy, then two issues arise. First what form should it take, and second what are some of the issues and productivity enhancement strategies that can lend themselves to such a collaboration at the enterprise level.

**Forms of Management Labour Collaboration**

**Forms of Management Labour collaboration for Productivity enhancement:**

Several models have been enacted to foster such a collaboration at the enterprise level. Among the most common may be mentioned the following:

- **Workers representation on the Board of Directors:** Several countries enacted legislation to permit minority workers representation on the Board of Directors of companies. The success of a meaningful representation depends on the ability of workers representatives to interpret many of the issues put forward for discussion and decision, such as financial data, proposed expansion or contraction strategies, forecasting the impact of exogenous factors such as changes in the competitive environment or in government policies on the company’s business. Lack of transparency in the provision of information on these and other subjects as well as the inadequate preparation of workers representatives to assume this role, can reduce this participative form to a mere window dressing.

- **Labour management councils and committees.** This is another form of useful collaboration, if the agenda is not restricted to simply labour management relations but is extended to cover productivity related issues as well. Many councils tend to be formal gatherings with set agendas and minutes taken; with meetings taking place sporadically. Inducing some flexibility by way of opening the discussions to collaborative efforts in productivity enhancement in a way that safeguards as well workers pre-occupations can yield highly beneficial results.

- **Quality circles:** This movement started in Japan in the 1960’s, ostensibly to encourage workers to contribute ideas on how to improve the quality of the products or services rendered. With time this function changed to encompass raising productivity and cutting costs. A circle is usually composed of anywhere between four and fifteen working people. Thus depending on its size, a company can have tens of quality circles, each of which is normally registered with the national quality circles association. Despite this formality, it is not uncommon, at present, to find that 30 % or more of these nationally registered circles in any one company are, in fact, inactive. The transfer of this arrangement from Japanese to other cultures, has not been all that successful without much adaptation, primarily on two points. Japanese work ethics require circle members to meet after regular working hours to discuss work related improvements. This does not seem to go well with people from other cultures. Second, non-monetary rewards are bestowed on successful circle members even if their suggestions save the company huge amounts of money. Twenty or thirty years ago, these consisted of ceremonies whereby trophies were awarded, or the pictures of winners posted, nowadays other rewards have been added such as paid vacations to nearby countries. Here again, these types of rewards fall short of workers expectations in other societies.

- **New forms of work organisation:** two trends emerged in the 1970’s in Scandinavian countries. In Norway, the concept was also sometimes referred to as democracy at work. It consisted of reducing the managerial levels of authority in favour of a more flat organisation, and mobilizing people working together at various levels of the hierarchy to rethink the way their work can best be accomplished. In Sweden the emphasis was placed on group work, with a view to enlarging and enriching the job content. Thus workers with the help of a consultant or a facilitator would propose changes that would enable them to perform several functions in a group rather than on an individual repetitive basis. Both methods have been credited with improved productivity and increased job satisfaction. Experiments in applying these methods in other countries met with mixed results*

- **Problem oriented ad hoc groups.** In this model, groups would be formed, the composition of which depends on the type of problem to be addressed. Instead of a manager taking all problem solving decisions, a given group would be encouraged to probe the problem and come out with solutions. Once this is achieved, the group as such ceases to exist, until another problem is faced. This participatory approach has yielded very promising results in many companies and countries.
Productivity Enhancement Strategies

The table below outlines the strategies that can be used by management to improve productivity and which can be advantageously implemented through labour management collaboration. These strategies deal with three main areas. The product, the materials used or the services rendered; the methods employed to do the work and the mobilisation of human resources at all levels to achieve the desired productivity gains.

### PRODUCTIVITY IMPROVEMENT STRATEGIES AT THE ENTERPRISE LEVEL

#### Products and Services

<table>
<thead>
<tr>
<th>AREA</th>
<th>STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Design</strong></td>
<td>• Define the range of products or services on offer, decide if the expansion or contraction of that range is warranted or can be more profitable.</td>
</tr>
<tr>
<td></td>
<td>• Eliminate some product components if this will simplify production operations.</td>
</tr>
<tr>
<td></td>
<td>• Standardize some component parts if they can be part of other products as well.</td>
</tr>
<tr>
<td></td>
<td>• Use cheaper component parts if possible.</td>
</tr>
<tr>
<td></td>
<td>• Institutionalise a product development programme.</td>
</tr>
<tr>
<td></td>
<td>• Simplify the design of forms, reports and other paperwork.</td>
</tr>
<tr>
<td><strong>Materials Used</strong></td>
<td>• Reduce and recycle waste.</td>
</tr>
<tr>
<td></td>
<td>• Save on fuel, electricity or other energy sources.</td>
</tr>
<tr>
<td><strong>Services to Satisfy Customers</strong></td>
<td>• Reduce fluctuations in the quality of products or services rendered</td>
</tr>
<tr>
<td></td>
<td>• Examine if quality/price ratio can be improved.</td>
</tr>
<tr>
<td></td>
<td>• Respect delivery dates.</td>
</tr>
</tbody>
</table>

#### Methods of Work

<table>
<thead>
<tr>
<th>AREA</th>
<th>STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Layout</strong></td>
<td>• Can the layout at the factory or the office, be changed to reduce congestion and improve the flow of work.</td>
</tr>
<tr>
<td><strong>Movement of Materials</strong></td>
<td>Is this done in the most efficient and safe manner. including the flow of paperwork.</td>
</tr>
<tr>
<td><strong>Job Performance</strong></td>
<td>• Any possibilities for improving the way a certain job is carried out either at a factory or at the office.</td>
</tr>
<tr>
<td></td>
<td>• Can a job content be enlarged or enriched by adding other responsibilities or through interchangeable duties in a working group.</td>
</tr>
<tr>
<td></td>
<td>• Any loss of productivity due to poor maintenance.</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>• If a new technology is being introduced have unions and Those involved been properly informed and associated With its introduction.</td>
</tr>
<tr>
<td></td>
<td>• Have those involved been properly trained on the new technology.</td>
</tr>
<tr>
<td></td>
<td>• Is there a system of feedback on any problems encountered.</td>
</tr>
</tbody>
</table>
Mobilisation of Human Resources:

<table>
<thead>
<tr>
<th>AREA</th>
<th>STRATEGY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Conditions</td>
<td>• Are conditions safe at work. How about lighting, noise, Ventilation and housekeeping?. Any hazardous material being manipulated, how can Occupational health hazards be eliminated?.</td>
</tr>
<tr>
<td>Training</td>
<td>• Are there specific training needs that need to be met whether In the production, financial, marketing or administrative areas. Any possibilities for multi-skilling.</td>
</tr>
<tr>
<td>Motivation</td>
<td>• Is security of employment a concern? Any possible remedies? Does management encourage participative styles of leadership. Are job contents too narrowly defined offering little challenge. Can they be enlarged, or can workers interchange tasks on a given job. Do workers have a say in solving work related problems, and are there channels of communication open to them for that purpose.</td>
</tr>
<tr>
<td>Flexible Arrangements</td>
<td>• The merits of introducing any of the following flexible arrangements: flexible working hours; flexible work arrangements; modular training in a multitude of related skills.</td>
</tr>
</tbody>
</table>

The above-mentioned table gives a menu of the possible strategies that can be used to enhance productivity at the enterprise level. Each of these strategies can be examined and followed up to a successful implementation in a collaborative effort between management and workers representatives. There are other issues as well that can impede the realisation of productivity gains, and which can equally be jointly examined, if they constitute a prevailing phenomenon, rather than isolated cases, such as absenteeism, turnover, sabotage, alcoholism or substance abuse.
Foreign Experiences in Cooperation to Improve Productivity

Case 1-The Orrefors Glassware Company

The Orrefors glassware Company consists of four manufacturing units. The largest is located in Orrefors in Sweden and employs 300 persons.

The art of glassware as a whole has been witnessing a gradual deterioration in profitability. The problems faced by the production unit were summarised as follows:

- slow flow due to long production process
- inflexible working arrangements as every operation (say roughing or smoothing) was considered specialised and performed by one or a few workers.
- very high rates of rejects.
- an awkward wage system based on piecework which made it difficult to move people from one job to another
- many monotonous tasks in the finishing department.

At first, the company contacted a consulting firm, which proposed shifting wages from piecework to daily rates based on well established norms of production and detailed planning by supervisors of employees work on an hour by hour basis. Applying this advice would have entailed a substantial increase in the number of supervisors and tighter hourly controls.

After some hesitation, the management decided to move in the opposite direction, that is to seek a solution that would continue the traditional relations it has always enjoyed with its workers by shifting a substantial amount of control and supervision to the workers themselves. To achieve this, the management set up a group formed of workers representatives, supervisors, a production engineer, and a management representative.

The group set three basic objectives: higher productivity, more job satisfaction and greater security. The group decided to tackle the work organisation in one department, to begin with, the edge grinding department. There they noticed that the layout was of the functional type, that is all machines that had a similar function were grouped together. The group then decided to divide the product range into several groups and arranging the production equipment and machinery in such a way so that each production section could produce the relevant product variety from beginning to end. To complement this, it was decided that each working group be entrusted with correcting its own faults so that only finished varieties of the required quality would leave each section. Another measure was taken, which consisted of encouraging workers to broaden their range of skills by attempting to master as many tasks as possible within the group, so as to create the needed flexibility. The result of this was a substantial increase in volume with an improved quality.

Next, the group to tackle the wages system. A productivity index was established to measure the output in relation to the number of hours put in by the group. Since the output varied, the index was readjusted several times until a more equitable measure was established. It was then agreed that the wages would consist of an individual monthly wage, plus a production premium when a certain productivity level was surpassed. Since an individual's work has become varied, it was agreed that the premium would be linked to the group's joint results. As a result of this success, similar work was then extended to the other departments of Orrefors.

Case 2-Tanzanian Handling and Forwarding

This enterprise based in Dar-Es-Salaam, Tanzania employs 180 persons. Management diagnosed their major problem to be the need to improve the maintenance of their fleet of trucks. The maintenance workshop was therefore chosen for the initial investigation. At the workshop, four major jobs were performed; mechanical repairs, auto-electric wiring, panel and body repairs and tyres replacement and repairs. Twelve people were permanently employed to perform these tasks, but only four were skilled. Each did one specialised task, although they were skilled enough to perform the other tasks if need be. Each skilled worker did his best to fit his work within the requested tasks in a given day, with the rest of the workers assisting as required. Because these four skilled workers could not cope with the pressure of work, the company carried a good deal of repairs elsewhere. At the same time, the unskilled workers complained of the lack of opportunities for training and promotion. Following an internal meeting with that working group, it was agreed that each of the skilled workers would train two workers in his own speciality. This was carried out, and then each group of the trainees was shifted for similar training by each of the other skilled
mechanics, so that within a year each of the workers had become reasonably skilled in the various maintenance jobs at the workshop. Testing showed that all but one, had acquired a good grasp of all the operations involved. The company management encouraged those who were willing to attend evening courses at the local vocational training school and financed their participation. Two did so and passed the skilled trade test. The group then decided to rotate in performing their tasks. The result was that outside maintenance work became unnecessary, a more cooperative spirit ensued and there were increased opportunities for learning. Wages were then revised to correspond to the newly acquired and upgraded skills.

As a result of this success, management decided to extend this experiment to the packing and carpentry section. Packers and carpenters worked separately from each other. The packers made estimates of the packing space required. The carpenters then manufactured the containers according to these estimates. A joint working group was formed to look at both operations. It was then decided that packers could be trained to assist with some elementary carpentry and carpenters were taught how to pack. In case were packers were away on estimating jobs, carpenters helped with the final packing; similarly, packers assisted carpenters if need be in manufacturing containers. As a result, productivity improved, both jobs were upgraded and wages were increased.

Next, the management turned its attention to the heavy lift section. A working group there revised the planning and distribution of work assignments and introduced the necessary training to permit more flexible working arrangements. They also examined the working conditions in that section and took several measures to improve them. Management, for its part, invited the workers views when acquiring heavy trucks and heavy-lifting equipment. Within two years, the rate of utilisation of vehicles and equipment increased substantially. The common practice of leasing cranes elsewhere became a rare event, as workers found out that with better work planning it was possible to rely solely on the enterprises own cranes. Similarly, a marked improvement in safety was noted, and the rate of absenteeism was halved in two years. Wages were then revised upwards in line with the enlarged job content and the newly acquired skills.

The Caribbean Experience

Factors Perceived as Impeding Productivity Gains

Two surveys were carried out. The first aimed at identifying the factors perceived as impeding higher productivity in Caribbean enterprises, the second analysed some of the results achieved and problems encountered in mobilising management labour cooperation for productivity improvement.

A. Factors Perceived as Impeding Productivity Gains:

Twelve countries and territories formed the subject of this investigation. The social partners in the region were asked to identify the factors that constrain productivity in Caribbean enterprises. The most frequent responses were:

- Political culture
- Social and Culture Attitudes
  - poor work ethics
  - poor work attitudes
  - lateness and absenteeism
  - culture of non-performance.
- Organisational Culture
  - lack of team spirit
  - lack of trust
  - lack of transparency and poor communication
  - low self esteem
  - rewarding non-performance among management
  - absence of clearly formed and communicated vision or mission
  - low or non-existent standards
  - inflexible systems
  - absence of proper employment contracts
  - outdated work policies
  - resistance to change
  - no provision for gain sharing and inadequate reward system
Managerial Limitations
- poor or non-existent job descriptions
- low professionalism among management
- poor management skills
- poor human resources management
- poor information flow

Poor labour management cooperation
- low levels of trust
- low workplace partnership
- non-worker friendly environment
- resistance to unions and collective bargaining
- poor industrial relations

Resource Limitations:
- limited financial resources
- small population size putting a constrain on economies of scale
- brain drain
- improper job placement
- technological limitations

Inappropriate Training
- mismatch between education and the world of work
- lack of certain technical skills
- lack of job training "Customer Service"
- poor customer relations and failure to listen to customers
- poor customer service

Occupational safety and Health
- Drugs and substance abuse
- HIV/AIDS

This long list may appear at first sight discouraging, yet a lot of these problems are attitudinal in nature and can be squarely addressed by an enlightened management, working in concert with workers and their representatives. As has been pointed out earlier, the pressures of globalisation and the resulting economic impact on Caribbean enterprises are such that those enterprises, which stand still and do not act to improve their performance, will wither and disappear. Many enterprises in the region have faced this challenge and embarked, with their workers participation, on productivity drives as the second survey and the following case studies show.

Experiences in Productivity Improvement

Eight Caribbean countries and territories were surveyed to review their experiences in productivity improvement schemes based on Management labour cooperation. The eight were; Antigua and Barbuda, Barbados, Grenada, Guyana, St. Lucia, St. Maarten, St. Vincent and the Grenadines and Trinidad and Tobago. In each case employers were asked to identify enterprises that implemented such schemes. Thirty-seven enterprises were identified as such. A questionnaire was then addressed to each to assess the results achieved and the problems encountered. The survey findings may be summarised as follows:

1. All enterprises reported positive outcome, though most found it difficult to accurately quantify the achieved results.
2. All enterprises reported that as a result, they revised their reward system.
3. Flexible working arrangements are not a taboo, and was discussed freely and acted upon in several cases.
4. Workers participated in the effort but to a varying degree. In a few cases, the feedback was that they were “consulted”. In the majority of cases, however, they reported a certain participation in the process, but that did not mean their “active involvement”. In five cases, an “on-going dialogue” on performance improvement was established.
5. Organised labour did not particularly oppose such initiatives. In fact 80 percent of these companies were unionised.

The problems were:

1. Attitudinal, as shown by an initial lack of trust and a resistance to change.
2. Lack of a clear indication on the part of management of their commitment to the success of such endeavours and their reluctance to allocate needed resources, such as those that may be required to improve working conditions or for training purposes.
3. Uncertainty about the appropriateness of the reward system, and a feeling that there is a lack of recognition for the efforts expended.

4. The difficulty in knowing how to launch and proceed with such initiatives and how to measure the results achieved.

What is evident from this survey is that if the correct approach is used to foster management labour cooperation in productivity improvement drives, then it is possible to overcome attitudinal problems in Caribbean enterprises. Contrary to some held beliefs, organised labour proved not to be an obstacle. On the contrary, it can be and is a forceful supporting tool, if management also commits itself to the success of the process, allows it the necessary time to mature and accept the fact that the fruits of productivity gains need to be shared by means of an appropriate reward system and recognition of individual and group efforts.

Caribbean Case Studies

BHP Billiton is a mining company operating in Suriname. Originally a subsidiary of Shell, it was bought by a South African concern set up as a company called Billiton, which later merged with an Australian company called BHP. Prior to that period, Billiton in Suriname operated a joint agreement with Alcoa, with Billiton having responsibility for mining bauxite and Alcoa refining responsibility. This joint agreement is scheduled to end in 2006, by which time the mine is likely to be depleted and there appears to be no other bauxite ore in Suriname.

The problems faced by the company were:

- The parent company had to decide whether to invest in new mining resources or to simply leave Suriname.
- The parent company thought that its subsidiary, Billiton was insufficiently diversified.

The Suriname operations were an important part of Billiton Aluminium assets, but unless management improved efficiency, productivity and profitability thereby attracting new investments, its future was bleak.

Concerned about such a possible outcome, Billiton management decided to seek the support of and the active involvement of the union in a project designed to attract US$ 300 million new investments, over a two years period. At the outset, the management itself, had neither an answer nor a solution to that problem, but 600 jobs were at stake if the company did close down.

The company management and the unions then agreed to the following measures:

1. Establish a steering committee called “survival 2006”, formed of senior management and the union leader to design improvement programmes and formally approve related decisions.
2. Form worker/management committees in each department composed of the senior manager or supervisor, work floor employees and a representative of the unions. Membership in such committees ranged from 7 to 9 persons.
3. Each committee was provided with a questionnaire developed by external consultants and with all the tools they needed to perform their job, including internet access, faxes etc.
4. Using the questionnaire, each committee examined their methods of work, staffing and compared these with international practice. It also identified deficiencies in their work organisation, developed benchmarks and proposed changes in methods of work, manning levels, equipment etc.
5. These were then submitted to the executive department manager for approval, before forwarding to the steering committee. Quarterly progress reports were prepared. Once the proposals were approved by the steering committee, the department manager became responsible for implementing the approved proposals.

During this process, management and the union agreed that where job reductions were inevitable, the savings on labour cost should account for no more than 24% of expected total savings. They then set out to develop a plan for the voluntary retrenchment of workers. They used a ranking system that took account of education, training, attitudes and influence in the workplace and in this way identified potential volunteers for this plan.

While this process is still going on, early results are promising.

- The company is now on its way to achieve a cost reduction of US$ 4 per tonne (versus a target of $4.5)
- A total of 112 volunteers were identified for retrenchment. Of these 83 accepted their severance package and left.
Opportunities for outsourcing of services to former employees were identified and implemented.

**Case 4-Harris Paints**

Harris Paints is a medium sized, closely held private company that manufactures paints with headquarters in Barbados and associated operations in Dominica, St. Lucia and Guyana. The company employs approximately 86 persons in Barbados and 75 in its other regional operations. What prompted the company to rethink its business strategy were three forces of change:

1. The company decided that, since it had significant export operations and an aspiration to do more in that area, that the time has come for it to try to obtain the ISO 9000 certification. This meant that it had to set up strictly observed quality standards, revise its approach to training and staff qualifications and document in detail its work procedures.
2. The company was beginning to face competitive pressures resulting from imported paints in Barbados.
3. A staff union was formed and challenged the company to develop systematic pay structures and rationalise its human resources policies.

The company began by immediately recognising the union and addressing its concerns in terms of pay systems and human resources policies. These included introducing the following:

- job classification identifying job grades and the qualifications required to accede from one grade to a higher one.
- job evaluation
- a performance appraisal system, and an incentive scheme
- a training programme designed to improve both skill levels and address behavioural issues, such as leadership styles, communication and motivation.
- compulsory pension plan
- medical plan
- sports and cultural club.

In its quest for the ISO certificate, the company then in cooperation with the union, consulted more with its shop floor workers on the organisation and the necessary documentation of various job procedures, and with other staff members on the adoption of standards of performance that measure up to international norms, with emphasis on customer service and customer satisfaction.

This process of consultation was then extended to regular staff meetings at which staff reported on performance, discussed the problems they faced and reviewed the work of internal committees such as the safety and health committee. Management also decided to hold regular monthly meetings to monitor the implementation of their one year work plan and take corrective action if needed.

As a result of these efforts, management reported that the process of organising its workforce and unionisation did not disrupt its operations, it successfully concluded two collective agreements in a friendly and timely manner, it has a better human resources policy in place with significant improvement in staff morale and productivity.

**Case 5-Trinidad Cement (TCL)**

TCL is a publicly held company. Prior to 1996, when the company revised its approach to productivity improvement and human resources, the company had been experiencing an average of two full or partial stoppages per year and at least one full strike. Industrial agreements often required the intervention of third parties. As a result the company operated at roughly 50% of capacity and almost 30% below international standards. The introduction of a new fully automated kiln did not bring about the results expected of that particular technology.

The challenges facing the company in 1996 consisted of:

1. A risk that the company would be acquired and that local operations would cease.
2. An increased availability of imported cement, at competitive prices, on the market.
3. A need to improve efficiency and profitability to be able to attract new investments.
4. A need to improve the industrial relations climate, as evidenced by the fact that partial work stoppages per year for the previous ten years cost the company around $ 42 million, at today's prices, and that there were 47 unresolved grievances/disputes.
To address these challenges, the management of TCL decided to re-think its approach to human resources and to the company’s inherent culture. It adopted and declared a new philosophy based on considering its staff as its most valuable asset and partner. Its commitment to this principle meant:

- individuals should be able to participate and contribute to and be rewarded for the company's success.
- the company will treat the employees as individuals encouraging their development, advancement and assist them in realising their long term interests.
- health and accident prevention are of paramount interest to the company. The company also needs to care about employees family life and create after work activities to support this concern.
- honesty, integrity, fair play, trust and mutual respect need to prevail, so that employees can feel pride in association with the company and with each other.

To put this vision into practice, TCL, took the following steps:

1. Established a forum to identify and address company wide problems.
2. Ran workshops for managers on team building, leadership styles and staff relations.
3. Organised rank and file workshops for employees with sometimes a participation of their direct managers and supervisors to communicate the management's changed vision on human resources and staff relations.
4. Re-established a non-crises forum
5. Revised performance standards.
6. Adopted a new negotiating strategy that put emphasised commitment to bilateral settlement and productivity bargaining.
7. Held monthly departmental meetings and focus groups meetings where managers responded to work teams concerns.
8. The TCL group of companies; Trinidad Cement, Arawak Cement (Barbados), and the Caribbean Cement Company (Jamaica), all undertook a number of measures to reduce pollution significantly, thereby alleviating health hazards to their employees and their surrounding communities.

As a result of this new approach, the following results were achieved:

1. Negotiations, for new collective agreements in 1997 and 2000, were completed in a record three months, without disruption or outside intervention.
2. Cement productivity increased by over 50%
3. Plant utilisation averaged 90% between 1997 and 2000
4. Employee earnings and real income rose over the last four years by virtue of better pay, bonus awards, and share ownership.
5. The rate of absenteeism fell to less than 10 days per year per employee.
6. During the period 1996-2000, there has been only one instance of industrial action, and that did not lead to any loss of production time.
7. Satisfaction surveys carried out in 1997 and 1999 showed a satisfaction index estimated at 65% and 63% respectively compared to 52% in 1996.
8. By March 1997, 45 of 47 disputes that had long been outstanding were resolved.

**Lessons Learnt**

1. It is not only possible, but also highly desirable, in view of the prevailing economic situation, to enhance productivity in Caribbean enterprises through a congenial and an effective management labour cooperation.
2. The initial drive should come from the top, with management identifying the problem and seeking the active involvement of its staff and their representatives in searching for a solution.
3. In consultation with the unions, management needs to decide on the form such a cooperation could take, e.g. committees at various levels, a problem oriented committee at the shop floor, a safety and health committee etc.
4. Committees should be clear as to the task expected of them. Members should receive the proper training and advice and other material tools, as demonstrated in the case of Billiton, to enable them to accomplish their work.
5. Management needs to demonstrate convincingly its commitment to success by various means such as establishing feedback communication channels and providing the necessary resources to implement the proposals, for example in training, in improved working conditions, or in better equipment and tools if need be.
6. It is important to measure the results achieved in terms of productivity gains or improved job satisfaction. Such a transparent expression of results would dispel mistrust or the notion that the whole purpose of the exercise was to exploit labour.

7. Resulting productivity gains should be shared through a system, which equitably rewards those responsible for the realised gains and through proper recognition.

The survey carried out on Caribbean enterprises that embarked on productivity enhancement programmes, showed nevertheless that some managers experienced difficulties in launching these initiatives. This is by no means uncommon, yet with the proper method applied, commitment and perseverance, positive results can be readily achieved. In the following section, a step by step approach is provided as a guide to this process.

**A Guide to Productivity Enhancement**

**A Point of Departure:**

Many attempts at improving productivity and job satisfaction through staff involvement, falter owing to the inability of management to make a clear and objective a priori assessment of the chances of success or failure. The issues that need to be considered are:

1. Assessing, objectively, whether the change is necessary, and where; which area and department or section. What sort of resistance is likely to arise, can you as a manager devote the necessary time and energy to see it through.
2. Having an informal talk with people in the company that may be involved, in particular, unions and key staff. Try as a manager to detect how much interest could be generated, and listen to warnings or likely demands for resources including the possibility of rewarding achievements.
3. Arrange for a talk by an outsider who is a specialist in this area or who can throw some light on experiences of other enterprises, and interact with his audience.
4. If possible, arrange for a visit by the key people to a company or a site where successful results were obtained.

These proposed courses of action could be taken individually or in a combination. Thus a visit may be followed by a seminar, or a preliminary talk may show that the conditions are favourable for a change so that actual planning can start immediately. It should be noted that so far there is no declared intention of attempting any change. It is simply a testing of the water, to see whether conditions can be favourable at that time, and what sort of difficulties are likely to arise.

In attempting to “involve” as distinct from “consult” workers in changing work situations, two important factors must be borne in mind.

First, the very core of this process is the participation by the people directly involved in a given work in proposing a more beneficial redesign or a change in their working arrangements. In contrast, to traditional consultancy, where a consultant makes the diagnosis and prescribes solutions, the centre of gravity here, lies with the working group, whether in the diagnosis or change proposals. The change itself must proceed at the pace at which the group is able to perceive it, and propose it.

Second, traditional approaches to change and improving productivity tend to distinguish between operational and behavioural issues. Thus a specialist in inventory control may be asked to resolve an inventory problem, or a specialist in marketing may be brought in to improve salesmanship. These consultants look at their domains purely from the technical point of view. If an attitudinal problem exist, then a behavioural specialist may be called upon to consider that problem devoid of any operational connection that may be related. In this approach, both operational and behavioural issues need to be considered simultaneously. People should keep in focus that the target is to achieve higher productivity alongside a higher degree of job satisfaction.
A Guideline to Productivity Improvement through involvement:

Table 2 shows an eight steps approach to productivity improvement at the enterprise level with management labour cooperation and involvement.

Table 2  
A guideline to Productivity Improvement Through Involvement

Identify the Problem
| Secure the needed support
| Plan the Intervention
| Put the Groups to Work
| Evaluate and Confront Problems
| Assess Results
| Give Recognition
| If need be, extend the work to new work areas or problems to solve

1- Identify the Problem:

The problems can be of an overall policy nature like the case of Billiton or Harris, or they may be more specific relating to a particular area or a workplace. The indicators pointing the need for intervention can be exogenous say, competitive pressures, need to attract investment capital or they may be internal as is the case when the company tries to address customers complaints of poor service or quality variations. Management may also try to take the initiative to identify problems that could increase the company's profitability by examining a range of issues such as those listed in Table 1 and select what it sees as commanding the most priority.

During the selection process it is important to delimit and define the job to be examined. Where does it start and what is the end point. For example when considering quality improvements one has to raise the question of whether we are looking at the quality of one product or more and which one. In which departments or sections are quality variations likely to arise for that particular product and by implication, who are the people involved in that process. What is the present quality variations range, and what is the desired quality tolerance level.

This type of information can be based on records, observations, interviews and preliminary fact finding through group discussions. It is important at this stage, not to raise anxieties by criticising the existing method or passing judgement on the type of improvement needed.

2- Secure the Needed Support:

Perhaps the first step in this process is to discuss the identified problem with the unions, with the staff involved and with the key managers having responsibility for the particular problem at hand. Should the unions raise the issue of sharing in the productivity gain if it arises, this should not be discouraged, neither should an examination of other issues they may wish to raise such as training opportunities or improved safety. These can be identified as separate problems worthy of consideration on their own. As mentioned earlier, the organisation of a visit by key personnel to a company or a site where successful initiatives were implemented can rally an increased support. A talk in a seminar form by a specialist who would be prepared to discuss whatever related issues the participants want to bring to the table, rather than acting as a straight lecturer, can also assist in building the necessary support.
3- Plan the Intervention:

In planning the intervention, one has to be realistic in trying to visualise what is to be achieved. Setting up too high expectations can lead to frustration. Examples of attainable tangible targets are reduction of waste, simplifying methods of work, or reduction of accidents. Perhaps more difficult are those that strictly seek a given behavioural outcome as well such as redesigning work that can provide variety or possibilities for learning or acquiring new skills or jobs that are enlarged and or enriched.

Another part of the planning involves a decision on who is to be involved and how. Clearly those directly involved in the particular job need to be associated with diagnosing the problem in detail and proposing modifications, but a staff union representative could either meet regularly or periodically with the working group. Similarly, supervisors or a higher responsible manager could either form part of the group seeking the change or be informed regularly to gain and ensure his or her support.

The next point to consider is whether the particular working group is capable of performing its task on its own or that it needs some prior training to do so; do you need to secure the help of a facilitator, who could provide advice when requested, and not to try to run the show. If so, what should be his most appropriate profile? Examples of profiles are a technician, an engineer, a line manager or a specialist who are working with the company or an outside resource person.

The core working team ideally could have six to ten members. Alternatively in a large unit, workers may select an appropriate number. One of the problems that can arise is if remotely placed existing working groups such as management labour committees or councils are entrusted with the task. These types of committees have a role to play and should be informed of developments and even in some cases be given an authority to vet and approve proposals for change. However, it is primarily the group that is directly involved in carrying on a particular job that should be the first concerned with examining and proposing any changes. Another problem that should be avoided is to have a maze of various groups having various objectives working simultaneously at cross purpose from each other. In brief it is common sense that should dictate the type and size of a working team. Above all they should be kept simple and manageable.

Apart from working groups, a company may decide to establish a project group or one that is formed for a specific purpose and which gets dissolved once it accomplishes its task. For example, in setting up a new pet food plant, General Foods in Topeka, Kansa, established a project group which was entrusted with the plant design, management philosophy, information systems, work organisation, staffing and building team work at the new plant.

4- Put the groups to Work:

At the outset, some ground rules have to be established. These include the exact work that needs to be done and any action plan the team envisages to adopt. The group should agree on the frequency and duration of its meetings. It should also decide on the frequency of its reporting and the form this will take.

Next, a team may need a helping hand from management, in the form of introduction by a trainer or a specialist as to some simple techniques that can be used to improve productivity, enlarge or enrich jobs, identify the existing and needed skills. These may be conveyed in a training workshop. Depending on the problem they are addressing, the team may require other information such as safety or health standards, or norms of working conditions. The team may also require an easy access to telephone, fax, internet service, or to arrange for a visit to a site that dealt with a similar problem.

The working group needs as well to agree on how its effectiveness will be measured. This entails the measurement of the present product or service output and what form of benchmarks should be established to measure the results.

5- Evaluate and Confront Problems;

Several problems can arise as a result of the work carried out. These may relate to redundancy, proposed change in the role of a supervisor or quality controllers. Other problems may be technical such as the need to re-synchronise work if the working group proposed increase in productivity results in an overproduction of a certain component.

In some cases, the groups may be too timid to propose suggestions that can influence the role of superiors, or the proposed job design may lean more towards the job enrichment of one individual rather than a group. On the other hand some proposals may call for expensive outlays to achieve a meagre incremental result. These and others can become apparent early in the process should management encourage and set up regular feedbacks. In such cases, both management and unions need to confront these problems early on,
otherwise frustration can build in and the experience prematurely judged to be a failure.

6-Assess Results:
Results are sometimes assessed in a vague and general manner “attitudes to work have improved” or “morale is higher. Most managers, however, are interested in simple tangible criteria such as productivity, waste, absenteeism, quality and general attitude to work. Results should not be assessed only in positive terms, as there are often costs involved in reaching and applying those results. What is therefore needed is a cost/benefit analysis. As an indicator, a list of possible benefits and costs resulting from an intervention is given below:

**Possible benefits:**
- higher productivity
- less waste
- higher quality achieved, measured in terms of quality variation and the reduction in the cost of re-working rejects.
- lower carrying costs of inventories.
- less variety in material and components resulting in shorter times of operation or less costs of acquisition.
- reduced costs of turnover and absenteeism
- reduced cost of quality control or of maintenance, if the group decides to take on such a responsibility.

**Possible costs:**
- cost of initial training of the group if needed and cost of training for multi-skilling if required.
- cost of buying additional equipment such as computers or additional tools.
- cost of changing a layout if needed.
- cost of improving the existing working conditions including those pertaining to safety and health.
- possible increased cost resulting from a new wages and incentive scheme.

7-Give Recognition:
It is only fair that productivity gains be shared in an equitable manner. It should also be expected that the staff would ask “what is in it for me”. This could necessitate a re-thinking of the existing reward system and can lead to new negotiations with the unions relating to on the share of the parties in productivity gains. Some companies like Shell in the UK, reached a collective agreement with the unions on sharing productivity gains, before even starting employee induced productivity drives. Among the rewards that can be considered are modifications to salary scales if workers take on additional duties, the introduction or improvement of existing incentive schemes, including bonuses for profitable applied proposals. Other issues that may also be looked at is the desirability of granting the financial rewards on a group or departmentally-shared, rather than on individual basis.

In addition, in many cases, individuals and groups who came up with accepted proposals would welcome recognition in a form that is not only financial. A certificate of award, a trophy, a letter of thanks from the management handed out in a ceremony can be highly desirable and motivating.

8-Extend the Work to Other Areas or to Solve Other Problems:
Successful results offer an opportunity to replicate them either in similar working areas or to solve various problems arising elsewhere in the company. In this case, the team members themselves can point the way to others, as resource persons, on how their tasks were defined, approached, what results were achieved and how the problems they faced were overcome. They then become a powerful force of change in the organisation.

**Concluding Remarks**
Caribbean enterprises face strong challenges in the marketplace, because of globalisation and the resulting restructuring of economic activities. To survive and grow they need to enhance their efficiency, release the talent and creativity of their workforce so that in cooperation with management, a higher level of
productivity and job satisfaction can be realised. It is hoped that demonstrated positive results, thus achieved, can become ingrained in the organisation’s culture so that the quest for higher productivity and betterment and enrichment of the working environment become a continuous process. This guide attempts to show the way of how this can be done.
PREFACE

This study was commissioned by PROMALCO in an attempt to share with social partners some of the practices which are used to facilitate labour-management partnerships at the enterprise level. The study focuses on partnership agreements at the enterprise level as a framework for social dialogue.

The study examines the challenges that Caribbean countries face in adjusting to the changing international economic environment. Specifically, these challenges relate to how to leverage the human resources of the region to achieve and sustain high levels of productivity and international competitiveness. In keeping with the ILO’s fundamental principles and rights at work, any effort at increasing productivity and international competitiveness must be approached in a manner that recognises the rights and dignity of workers and preserves the human capital of the region.

In keeping with this logic, workplace partnerships have been identified as a crucial element in creating thriving enterprises. The study reviews the Caribbean experience in creating workplace partnerships. This review was conducted through secondary research as well as interviews in a selected number of countries. (The instruments used and the full analysis from this aspect of the study is available on the PROMALCO’s website: www.promalco.org or it may be requested from the Project staff at promalco@ilocarib.org.tt)

One of the main products of the study is a suggested format and content for a partnership agreement. This guide agreement suggests issues which may be included in an enterprise partnership agreement. The suggested fields may be expanded or reduced to meet the requirements of the partners in any enterprise.

ACKNOWLEDGEMENTS

This study could not have been accomplished without the support and assistance of a number of persons and institutions. The authors wish to take this opportunity to acknowledge and thank all individuals, institutions and organizations, which have made a positive contribution to the study.

In this regard, the support of Director of the International Labour Organisation Sub-Regional Office for the Caribbean was critical to the initiation and completion of the study.

The guidance and expert views of Dr. Andre-Vincent Henry and Mr. Gerard Diaz of the PROMALCO Project of the ILO Sub Caribbean Office, Port of Spain have greatly assisted and shaped the planning and conceptualization of the study. They had also read the draft and made useful comments for its improvement.

During the fieldwork undertaken in the Bahamas, Barbados, Guyana, Jamaica, Saint Lucia, Suriname and Trinidad and Tobago, the authors benefited greatly from the experiences and expertise of Officials from the respective Ministries of Labour, Trade Union Congresses, Employers Federations, Productivity Council, selected Human Resource Managers and Trade Unionists.

The authors wish to place on record their profound appreciation to all these individuals who have contributed positively to the outcome of the study.

ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>BWU</td>
<td>Barbados Workers’ Union</td>
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<tr>
<td>CAGI</td>
<td>Consultative Association of Guyanese Industries</td>
</tr>
<tr>
<td>CSME</td>
<td>Caribbean Single Market and Economy</td>
</tr>
<tr>
<td>EFA</td>
<td>Enterprise Partnership Agreement</td>
</tr>
<tr>
<td>FITU</td>
<td>Federation of Independent Trade Unions</td>
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<tr>
<td>GAWU</td>
<td>Guyana Agricultural Workers’ Union</td>
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EXECUTIVE SUMMARY
Background to the Study

The global recession, which began in the late 1980s impacted very adversely on the Caribbean region. From about 1989, earnings from tourism and the major export agriculture sectors (sugar and bananas) declined sharply, resulting in economic crises that were especially severe in the economies driven by these sectors. As a response, the countries approached the International Monetary Fund for balance of payments support and implemented structural adjustment programmes. By the mid-1990s, their economies were on the road to recovery.

This crisis period of the first half of the 1990s together with the increasing international competition associated with globalization and trade liberalization highlighted the irrefutable reality that Caribbean economies risk further setbacks unless they adopt certain highroad strategies. These strategies are designed to achieve competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization and enhanced capacity to adapt to constantly changing economic environment. A critical component of this strategy concerns enterprise management based on collaboration and cooperation by the social partners in management-labour relations to replace the traditional adversarial approach.

The International Labour Organization through its Programme for the Promotion of Management-Labour Cooperation (PROMALCO) has been making a contribution to the promotion of management-labour cooperation in the Caribbean region. The PROMALCO contribution includes two regional enterprise forums, several seminars and workshops, meetings of experts and commissioned studies. This study on partnership agreements has been commissioned by ILO/PROMALCO as part of its thrust to promote the “High Road” strategy for productivity and competitiveness through workplace partnerships.

Purpose of study

The purpose of the present study is to analyze enterprise partnership agreements within the broader context of labour-management relations in the region and to design a guide partnership agreement for the region.
The evidence indicates that Social Partnership is not firmly rooted in the Caribbean. At the enterprise level the concept of voluntary management-labour workplace partnership is very new to the region. The historical industrial relations culture does not encourage management-labour interaction outside fairly narrow confines of terms and conditions of service. At the national level, only Barbados has successfully implemented a social partnership Protocol. In Trinidad and Tobago, a compact was entered into in 2000, but was never implemented, largely as a result of political divisions. At the sectoral or industry level, the partnership agreements have been the exception rather than the general rule.

**Partnership Agreements**

It is widely accepted that the objectives of partnership agreements at the enterprise level should be to:

- transform the labour-management relations from adversarialism to partnership
- build trust between management and trade unions;
- Contribute directly to productivity and competitiveness of enterprises
- Establish standards for the development of human resources and labour-management relations;
- Consensus building within the enterprise;
- Incorporate international labour standards within the workplace;

In the pursuit of these objectives, the study examined the following topics:

- Organizations/institutions involved in partnership agreements;
- Role of government and the social partners in the promotion of partnership agreements;
- Critical issues facing enterprises in the region;
- Process in the negotiation of the partnership agreement;
- Prerequisites for the negotiation and implementation of the partnership agreements;
- Principles underpinning partnership agreements; and
- Structures and institutions for the effective implementation of partnership agreements

**Field Work**

The purpose of the fieldwork was to elicit data on the perspectives and views of the social partners on partnership agreements. Two survey instruments was designed, one for key informants operating at the national level (in Labour Departments and umbrella organizations of business and labour), and the other for key informants involved at the enterprise level (human resource managers and trade union officials). Interviews were conducted in seven selected Caribbean countries. The questionnaires sought data under the following headings: Critical socio-economic issues facing the country; impact of and response to globalization; state of social partnership; critical success factors for social partnership and factors militating against the development of effective social partnerships; extent of co-partnership at the enterprise level as measured by trade union/worker involvement in enterprise policy formulation, problem-solving and decision-making; agenda for enterprise Partnership agreements; and principles underpinning enterprise Partnership agreements.

In analyzing the field work data an attempt was made to link the analysis to key issues in social partnership, including trust among the social partners, mutuality of interest and mutual gains prospects and the nexus linking co-partnership to productivity, to competitiveness, to profitability and employment security and to survival of the enterprise.

**Recommendations**

The conclusions drawn from the analysis informed the recommendations which were as follows:

i. The establishment of EPAs should be vigorously promoted in Caribbean countries. In the promotion campaign it should be emphasized that partnership agreements are intended to complement (not replace) collective bargaining by providing a framework for dialogue and resolution of issues, which are not traditionally addressed under collective bargaining.

ii. PROMALCO should take the lead in the promotion campaign which has to be collaborative and cooperative in character and which must involve employer and trade union umbrella organizations, government and any other groupings which can contribute to the process of establishing enterprise partnership agreements.

iii. The potential benefits of collaboration and participation between the social partners should be fully explored within the framework of enterprise agreements. Particular attention should be given to
issues related to productivity, human resource development and labour market flexibility.

iv The construction of social compacts at the national and sectoral level should also be vigorously encouraged for the inspiration and impetus they provide for forging partnership agreements at the enterprise level.

v The attention of government should be drawn to its pivotal role of facilitating the construction of enterprise partnership agreements by applying moral suasion, providing the resources for necessary social dialogue institutions and by fiscal adjustments that open the way for agreements that are satisfactory to the social partners.

vi Management should be encouraged to exercise a pivotal role of initiating dialogue that can eventually result in the forging of enterprise partnership agreements.

vii The social partners should be made aware of the boost to the process of forging enterprise partnership agreements that is derived from resolving a backlog of outstanding disputes.

viii The several principles on which wide agreement is apparent should be mooted as the principles on which enterprise partnership agreements should be anchored.

ix The other principles on which either or both of the social partners express significant reservations about their inclusion might be considered incrementally after the agreement is firmly established.

x In promoting enterprise partnership agreements, attention of the social partners should be drawn to the mutual gains to be realized from adopting the “high road” approach to enhanced productivity and international competitiveness through social partnership, which, if successful, will result in tangible benefits to both parties.

xi Deliberate efforts should be made to develop strategies on trust building between the social partners at all levels. The strategies should concentrate initially on joint decision-making on issues on which the social partners have demonstrated a shared outlook.

xii To demonstrate the possibilities of mutual gains accruing to the social partners from cooperation and collaboration, strategies should be devised to involve the trade union in areas that generate demonstrable tangible benefits to the social partners.

xiii The prevailing national conditions and the unique characteristics of historical background, labour market institutions and industrial configurations of individual countries must inform the strategy for development of enterprise partnership agreements.

Guide Agreement

On the basis of the analysis in the studies, a model enterprise partnership agreement was prepared.
INTRODUCTION

Section: Background to the Study

This study was undertaken on behalf of the Programme for Management-Labour Co-operation of the International Labour Organization Sub-Regional Office for the Caribbean (ILO/PROMALCO) in an effort to provide a framework for improved productivity, competitiveness and sustainability of Caribbean enterprises. The central strategy for achieving that objective is through the promotion of mutually beneficial workplace partnerships between trade unions/workers and management and the promotion of greater participation in the enterprise by workers.

The study complements other ILO/PROMALCO studies such as:

- A practical guide for management and trade unionists on international labour standards as strategic tools for productivity and competitiveness;
- Labour management partnerships: a practical guide;
- Enterprise transformation in the Caribbean: the Application of High Road Business Strategies;
- A practical guide for management and trade unionists on how to build trust;
- Conflict resolution and prevention strategies in the Caribbean.

An underlying theme of the ILO/PROMALCO programme is the inherent vulnerability of the economies of the Caribbean region confronted by the impact of the forces of globalization unleashed since the late 1980s. The manifestation of globalization as neatly described by a noted Caribbean Trade Unionist as “the process of integrating national and local markets into a single global market...(it) encompasses not only the market for goods and services, but also the capital and technology markets, and to a far more limited degree, the labour market. Local markets have been increasingly integrated into the worldwide market with rapid development of transportation, communication and information technologies”.

The play of these forces and the resultant intensified competition in the markets for internationally traded goods and services (tourism, tropical agricultural commodities, bauxite) largely account for the economic stagnation experienced in the Caribbean region in the first half of the 1990s. Recovery has since been underway, but generally the prospects for sustainable development are uncertain. To improve these prospects would seem to call for restructuring of the economies, reorganization of industries and labour markets and changes in the conduct of labour-management relations.

As regards the imperative of changing the way labour-management relations are conducted, it is clear that there are benefits to be reaped from replacing the traditional adversarial relationship with another mode involving more collaboration and co-operation among the stakeholders. Social partnership taking the form of explicit partnership agreements are seen as desirable aspects of the new paradigm because they hold out the promise of helping to raise productivity and improve efficiency in production thereby improving the competitiveness and survival prospects of the Caribbean region in the new globalized environment. This study focuses on enterprise partnership agreements, which are negotiated between employers and workers for the two-fold purpose of promoting management-labour co-operation in the management of the enterprise and establishing standards for the development of human resources and labour-management relations.

Scope of Study

The study was commissioned to examine labour-management partnership arrangements in the region and to design a guide partnership agreement for the promotion of labour-management collaboration and cooperation. The study focuses exclusively on Caribbean private sector enterprises.

The overall objectives of the enterprise partnership agreements are to:

- Establish standards for the development of human resources and labour-management relations;
- Incorporate ILO core labour standards within the workplace;
- Contribute directly to productivity and competitiveness of enterprises;
- Promote a culture of consensus-building in Caribbean enterprises;
- Build trust between management and trade unions; and
- Transform the labour-management relations from one of adversarialism to partnership.
Terms of Reference

Within the partnership of the Programme for the Promotion of Management-Labour Co-operation (PROMALCO) Phase II, this study examines partnership agreements in the Caribbean sub region and, taking into account the findings and conclusions of the analysis, develops guide partnership agreement along lines appropriate for the region. In the analysis, data on seven Caribbean countries are used: The Bahamas, Barbados, Guyana, Jamaica, Saint Lucia, Suriname and Trinidad and Tobago.

Methodology

The methodology employed in this study involved a review of the literature on social partnerships at the enterprise, sectoral and national levels in order to identify the critical issues for consideration. The authors then designed a survey instrument to elicit the views of key stakeholders (officials of the Ministries of Labour, employers’ federation and trade union congresses, managements and trade unionists representing workers in relevant enterprises) in the seven Caribbean countries listed above on the industrial relations environment, the process to support the negotiation and implementation of the partnership agreement as well as the underlying principles.

The responses to the survey instrument were used to analyze management labour partnership arrangements and design a guide partnership agreement for the Caribbean region.

Central Issues

Some of the central issues considered in this study were:

• Is management-labour partnership an essential high road strategy for enterprise competitiveness in the Caribbean;
• Who should be involved in the negotiation of partnership agreements;
• What is the role of Government and the social partners in the promotion of Partnership agreements;
• What process should be observed in the negotiation of the Partnership agreement;
• What are the pre-requisites for the negotiation and implementation of the Partnership agreement;
• Would a single model agreement be suitable for all situations or would more than one model be required;
• What is the relationship between collective bargaining and the Partnership agreement;
• What principles should be incorporated into the Partnership agreement;
• What structures and institutions should be put in place for the effective implementation of the partnership agreement?

OVERVIEW OF CARIBBEAN ECONOMY AND INDUSTRIAL RELATIONS ENVIRONMENT

As a background to the analysis of social partnership in the Caribbean region, this Chapter presents brief summaries of four key elements, namely – main currents of social history, recent macroeconomic trends, evolution of labour market conditions and labour-management relations. In the summary of the main currents of social history, the focus is on slavery, indenture and colonialism. Needless to say, the timing and impact of these forces differ from country to country, but it is possible to make some generalizations that help to explain the evolution of contemporary patterns of social organisation and interaction.

Macroeconomic trends for the 1990s are summarised on the basis of three key indicators – growth of real gross domestic product, changes in the consumer price index and the unemployment rate. These data are sufficient to support the general point that the region experienced economic stagnation and decline in the first half of the 1990s, followed by the beginnings of recovery from the mid 1990s. The unemployment indicator also casts some light on labour market conditions. The main feature is persisting high levels of unemployment with some evidence of improvement in the situation especially in the economies in which the labour surplus feature is less pronounced. The high unemployment rates also help to explain the relatively weak position of the trade unions in their interaction with employers.
**Historical Background**

Settlement in the Caribbean region which began in earnest in the 17th century, ushered in a long period of underdevelopment associated with production of staples for export. Sugar was the first of a number of agricultural staples produced under plantation conditions for export to European centres. Inefficiency of organization and production of sugar was masked by cheap labour of slavery and indenture and tariff protection against competitors in the imperial centres. After sugar, the production of other agricultural staples (coffee, cocoa, bananas and citrus) and in more recent times two mineral staples (bauxite and oil), reinforced the defining characteristic of Caribbean countries of inordinate dependence on their export sectors for economic growth and stability. That inordinate dependence persists to the present. In recent decades, tourism has become a prominent driving sector in the economies of The Bahamas, Barbados, Jamaica and Saint Lucia. The economic growth and stability of these countries are highly influenced by the vagaries of trends in demand in the international tourism market.

Slavery, indenture and political disenfranchisement under colonialism, have been major forces in the shaping of the social relations in the Caribbean region. The threads of the influence of these factors are discernible in the industrial landscape at the beginning of the watershed decade of the 1930s. The prevailing conditions at that stage were: high levels of unemployment and underemployment, extremely poor wages and working conditions, managerial inefficiency, low productivity and a rigid social structure based on class. In the absence of recognition of workers' organizations and with authority and power firmly in the hands of employers, workers were unprotected from exploitation. Social unrest was predictable and it came in the 1930s in the British colonies in the form of a fusion of political and industrial agitation.

The response to unrest in the British colonies was the appointment of a commission of inquiry – the Moyne Commission - to investigate the causes of the unrest and to make recommendations to address the social problems. The recommendations of the Moyne Commission (officially released in 1943) included: removal of the legal barriers to the formation of trade unions, registration of trade unions (albeit with limitations on their activity), enactment of industrial safety laws and establishment of Labour Departments with powers to engage in conciliation of industrial disputes between workers and employers. Employers were accustomed to an authoritarian style of management and unilateral imposition of terms and conditions. They opposed the formation of trade unions and resisted bargaining with them. On their side, the trade unions were attracted to the use of political channels for pursuing their demands.

Initially, trade union membership had grown at a modest rate after the registration problem had been overcome in the 1930s. After the end of World War II, membership expanded more rapidly, so that by the mid-1950s, the trade union movement, with many a political aspirant in the leadership represented a substantial force in the coalitions demanding self-determination and independence. Since independence, there was a noticeable shift in trade union strategy. Although the alliances of trade unions with political parties have persisted as a feature of the political landscape, the trade unions have given precedence to pursuing the purely trade union objectives, that is, better wages and improved conditions of work.

**Trends in the Economy**

**Macroeconomic Trends**

Recent macroeconomic data reveal a profile of a region experiencing severe economic stagnation in the first half of the 1990s with some evidence of recovery in the second half. Recovery has been very slow in some cases. For example, Jamaica, which had experienced three (3) successive years of negative growth in 1996-1999, had not extricated itself from the negative growth mode by the end of the decade. The performance of Guyana was perhaps marginally better. The consumer prices series indicate that the Caribbean experienced moderate inflation in the 1990s. Jamaica in 1993-1995 recorded rates in excess of 25 per cent and Guyana also recorded rates associated with hyperinflation early in the 1980s and 1990s. However in more recent years there is evidence that the problem has been brought under control.

High rates of unemployment and underemployment appear to be a permanent feature of Caribbean economies. Unemployment rates of 15-20 percent are not uncommon in the region. The impact of global recession of the 1990s is evident in the region. The high rates of unemployment of the early 1990s have been gradually declining in The Bahamas, Barbados, Suriname and Trinidad and Tobago, but in Jamaica and St Lucia high levels have persisted throughout the decade. A point to note for the purposes of this study is that Barbados was able to halve its unemployment rate of 24.5 per cent in 1953 to 12.3 per cent in 1998.
Labour Market Conditions

Interestingly, for almost two centuries, Caribbean economies suffered from labour shortage. The slavery and indenture systems were designed to address that problem. However, from as far back as the end of World War I, the severity of the unemployment has been recognized. High rates of natural increase of population, upward trending labour force participation rates, slow rates of job creation, and seasonal demand for labour in the agricultural sectors, particularly sugar, are the principal factors accounting for the persistence of high unemployment rates.

Apart from contributing to the development of a regime of low wages, especially for unskilled labour, the persistence of high unemployment is also associated with rise of the informal sector and disguised unemployment in various forms. These features are evident in various degrees in Caribbean countries.

In labour markets of Caribbean economies, unskilled labour is a large proportion of the total workforce and the bulk of the unemployed are in its ranks. The majority of unskilled workers remain unskilled because of a lack of adequate training opportunities. Because of this situation, the phenomenon is sometimes encountered of unfilled vacancies for skilled and even semi-skilled workers, which unemployed workers are not capable of filling.

The labour force is being transformed. Education and training have been more easily accessible. The demand for skilled workers and workers with technical or vocational training has been increasing in sectors like manufacturing and certain kinds of services, which are developing at the expense of agriculture. This trend is reinforced by shifts in the industrial distribution of the employed labour force to the services producing sectors at the expense of the goods producing sectors.

The foregoing discussion can now be linked to a few important implications. First, unionization in the conditions described above is extremely difficult. Union density estimates highlights the difficulty of the task. Estimates by Robert Morris (for the year 1996) put the rate for Jamaica at 15-25 per cent, for St Lucia, Trinidad and Tobago and Barbados at 20 per cent. Suriname a special case, estimated at over 50 per cent. It is widely accepted that since 1996, the general trend has continued downwards. Furthermore, a large proportion of the unionized workforce is in the public sector, where, generally speaking, there has been virtually no resistance to unionization of workers.

Second, as would be expected in a situation of scarce employment opportunities, employment security and job security are critical trade union objectives. Accordingly, policies related to involuntary separation are approached with the firmest resistance that union strength can realistically support. Finally, low labour productivity is unquestionably a feature of these labour markets. Part of the explanation is that labour commitment is relatively low even in some sectors in which modern management methods are practiced.

Labour - Management Relations

The configuration of enterprises is a mix of various types. Of the enterprises that are medium-to-large in size by Caribbean region standards (in finance, hotels, manufacturing and distribution) some are unionized. As regards the family firms of medium size (in services and distribution), only a fraction of this category, perhaps one-quarter of them, are unionized. By and large small enterprises are not unionized. In all the countries, there are umbrella organizations of employers. They provide advisory, public relations, research and training services and in some cases are directly involved in the negotiations with the trade unions.

It was noted above that union density in the public sector is higher than the rest of the economy. In some countries 25-30 per cent of employed work force is engaged in public sector activity. This gives a certain prominence and importance to public sector unions and highlights the need for partnership agreements involving Government as employers and public sector trade unions. Finally, some multinationals are part of the industrial scene, especially in hotels and in the extractive industries. The majority are unionized.

Collective bargaining as the mode of labour-management interaction is firmly rooted. Several of the variants of bargaining structures can be found in the Caribbean, including single enterprise - multi-union, single union in one industry, more than one union in one industry, and so on.

From the inception of collective relations, government has played the major role of regulating conditions and conciliating disputes. One interesting point is that the structures set up in the colonial periods were not
fundamentally changed after independence was attained. Perhaps the most significant change has been the departure from the basic voluntarism model by injecting more legal regulation into the industrial relations system. Trinidad and Tobago led the way with legislation, which set up an Industrial Court. Some other countries followed this example with developments of their own variants.

**PARTNERSHIP ARRANGEMENTS**

**Partnership Agreements - General Overview**

In this chapter, the differences among enterprise agreements, sectoral agreements and national agreements are highlighted. The evidence indicates that the concept of management-labour partnership agreements is very new to the Caribbean region and that there are very few instances of agreements of any of the type in the form of written documents with detailed provisions. The suggested explanation is that the social history and industrial relations culture does not encourage management-labour interaction outside of fairly narrow issues in the collective bargaining process, which tends to be adversarial.

Reference is made in the chapter to examples of the three types of partnership agreements. The Barbados Protocols, which are negotiated, formal agreements with clearly stated provisions for implementation, are the only instances of national level tripartite compacts involving government, employers and trade unions. The Barbados Protocols have attracted a great deal of attention because of their successful results. They are often compared with the Irish model in terms of the objectives and underlying strategies that shape the provisions. Both the Barbados and Irish experiences are briefly outlined in subsections of this chapter.

Also briefly discussed in this chapter are examples of sectoral and enterprise level prototypes. The notable example of an attempt to forge a sectoral agreement is the memorandum of understanding among the stakeholders (government, companies and trade unions) in the Jamaica bauxite industry. Although this initiative did not culminate in formal “signing off” by the stakeholders, some of the proposed provisions have been implemented. An example of a fully articulated enterprise partnership agreement in the Caribbean region is the memorandum of agreement between the Guyana National Industrial Company (GNIC) and the Clerical and Commercial Workers’ Union. The current Barbados Protocol (2001-2004), the Jamaican bauxite and the GNIC agreements are reproduced as appendices to this study.

**Enterprise Partnerships**

Management-labour partnership can take various forms. Some of the forms the authors encountered were:

- Co-ownership and co-management of the enterprise;
- Partnership forum comprising of representatives of management, the trade unions and non-unionised workers;
- **Works council** comprising management and trade union representatives;
- Management-union review councils;
- Management-union non-crisis meetings;
- An informal open door policy.

The authors encountered one company with a co-ownership/co-management structure. The partnership agreement was the mechanism used by that company to establish a joint venture arrangement comprising a private sector company on the one part and the workers, management and trade unions of the predecessor company to assume responsibility for the operations and management of a privatised company. The company was co-owned by the management, workers, the representative trade unions and a third party group. The workers and representative trade unions formed an investment company to participate in the share equity of the joint venture company. They are represented on the Board of Directors and at meetings of shareholders.

There was one company with a Partnership Forum comprising representatives of management, the trade unions and non-unionised workers. The Forum addressed issues relating to the competitiveness of the company, labour standards and quality of life issues at the workplace. This Forum was conceived and implemented outside of the collective bargaining process.

The Works Council performs a function similar to the partnership forum except that membership is restricted to union representatives and management. Exempt workers do not participate as an interest group. The Joint management-Union Review Committee is a creature of the Collective Agreement. It provides for periodic review of the operations of the Collective Agreement. Its agenda tends to be limited to the Collective Agreement and does not include issues relating to the business goals and competitiveness of the
While there are low levels of management-labour partnerships in the Caribbean, ideological support for management-labour partnership ran high throughout management, trade unions and Government. It was felt that the impact of globalization which would require greater productivity, human resource development, workplace flexibility and modernisation of the production base would combine to push management and labour closer.

Within the Caribbean, the officials interviewed during the study demonstrated a greater familiarity with social partnership arrangements at the national levels. While there are only two formal agreements, there are ongoing discussions in all countries for the establishment of a formal national Protocol or Compact. Moreover, the consensus was that a national Protocol or Compact could have a beneficial effect on the establishment of Partnership agreements at the enterprise and industry level. It was argued that social partnerships at the national level should set guidelines and standards to shape the development of Partnership agreements at the enterprise level.

**Types of Partnership**

Social partnerships at the national level are generally influenced from the very concept by the ILO. In particular, ILO Convention 144, which has been ratified by the majority of Caribbean countries, provides a Partnership and an impetus for social partnerships. However, in practice, economic considerations have been a more compelling factor as in the Irish and Barbados cases, discussed below.

The issues addressed in social partnership dialogue vary widely from one situation to another. However, there seems to be general agreement that it is appropriate for the agenda to include the search for consensus on broad policy framing and target setting in areas such as employment creation, occupational safety and health, inflation control, national productivity enhancement, poverty eradication, education and training and balancing of macroeconomic variables. The list may be extended or shortened. The litmus test for inclusion is that the parties regard the issues as important enough and appropriate enough for engagement in social dialogue seeking solutions in the national rather than sectional interests.

The process of the social dialogue varies from mere information sharing to serious discussion and attempts to reconcile divergent positions to arrive at joint positions on policy, strategy or recommended action. An element of negotiation on sectional interests may be part of the process, a topical example being wage restraint in exchange for deferment of workforce separations.

The foregoing discussion relates to national compacts. Mutatis mutandis, the points may be applied to sectoral agreements or industry agreements, which involve peak level representation of the social partners of the particular industry or sector. The 1997 agreement in the Jamaica bauxite industry, involving the trade unions, the bauxite companies and the government of Jamaica, is a frequently referenced example of this type.

Enterprise partnership agreements involve the social partners at the level of the enterprise. The mode is basically bipartite, which is not to say that the facilitative role of the state is unimportant. Indeed, government support and direction may well be critical to the construction of effective enterprise agreements.

**Partnership Agreements in the Caribbean**

Quite a few Caribbean countries have made attempts at constructing Partnership agreements. The majority of them are at the national level. They involve the trade union and employer federations and the government participating directly. In some instances, Non Governmental Organizations (NGOs) and other organizations from civil society are also involved. It should be noted here that in at least 3 of the countries under review, the agreements have not reached the final stage, defined here to mean, signed off and ready to be implemented. In Jamaica, the 1997 National Agreement for Implementation of Economic and Social Understanding was an attempt at forging national compact which came to halt when the political party in parliamentary opposition indicated it would not give a commitment to support the proposals as they stood at that juncture. Mention must be made of Memoranda of Understanding (MOUs) for the major industries Bauxite, Banana, Water Treatment and Distribution, Shipping and the Public Service. Apparently the guidelines in these MOUs are being followed, although the Jamaica Confederation of Trade Unions, representing one grouping of the trade unions, did not accept the draft agreement.
Similarly, in Trinidad and Tobago, the Compact 2000 and Beyond: Declaration of the Social Partners to Address Economic and Social Issues has not yet been implemented. The parties had reached the stage of signing off, but action has been in abeyance, due in part to three national elections within a short period of time.

In The Bahamas, The Tri-partite Forum (TRIFOR) initiative of 2000, established a national forum for social dialogue on national social and economic issues with participation of the social partners and representation from civil society. There has been activity in this case but apparently not with the regularity originally projected.

In Guyana, a Tripartism and Draft Protocol for Social Partnership, was established in 1993, with membership comprising six representatives from each of the social partners, and the Minister of Labour as chairman. From this aggregation six sub-committees were appointed to deliberate on different issues in labour relations.

In Suriname the instrument of social partnership is the joint declaration of the trade unions and the employers organization to enter into constructive collaboration as social partners to deal with socio-economic issues.

**The Barbados Experience**

As in Ireland, the initiatives on social partnership in Barbados were mounted as a response to a serious economic crisis. Global recession in the 1980s had a severe negative impact on the Barbados economy. This point is illustrated by reference to developments in the tourism sector. Tourist arrivals, which were 461,000 in 1989, fell to 365,000 by 1992, a decline of 17 per cent. An increase in real GDP in 1989 of 3.6% was followed by three consecutive years of negative growth (-3.7 in 1990, -3.9 in 1991, -4.0 in 1992). Concurrently the unemployment rate rose sharply – from 15.3 per cent in 1989 to 24.5 per cent in 1993. Also, foreign exchange reserves dropped sharply to just three weeks import cover, the inflation indicator rose somewhat above 3–4 per cent average of the 1980s and the fiscal and foreign account balances reached levels that warranted concern.

The government of Barbados sought the assistance of the IMF (International Monetary Fund) in 1991 for balance of payments support and entered into an agreement to implement a structural adjustment programme. The conditionalities attached to the IMF support programme mandated reduced government spending, increased taxation, removal of protection to local industries and wage restraint. Massive retrenchment in the public sector and devaluation of the Barbados dollar were seen as the inevitable consequences of the full implementation of these measures. There was widespread protest against taking this path. Both labour and business supported rejection.

The principal objectives of the Protocol I, which covered the two-year period 1993-1995, were to stabilize the economy and prevent devaluation of the Barbados dollar. To achieve these objectives, the social partners agreed on a wages and prices freeze that would be tightly administered to ensure that the guidelines were not broached. A point that was given prominence in this first protocol was the commitment of government, business and labour that they would act jointly in framing policy, solving problems and setting goals to lift the country out of its difficulties. Consultation and collaboration were to be the principles guiding the conduct of the social partners in labour-management relations. Progress of the experiment was to be under continuous review.

Before the expiration of the time frame of Protocol I, it was clear that the Barbados economy was on the path of recovery. Growth of the economy resumed in 1994. Unemployment that had peaked at 24.5 per cent in 1994 had begun to decline. The foreign exchange balances position had improved and the country did not have to resort to devaluation. The global economy was also recovering from recession and this development was expected to improve the prospects of growth in the tourism sector.

Protocol II was negotiated to cover the period 1995-1997. The duration was later extended by one year to end in 1998. The central thrust of incomes policy was moderation of wage increases instead of the wage and prices freeze of the first protocol. Commitment to profit sharing, gains sharing and productivity bargaining were additional features. The process of co-partnership was to be strengthened by freer sharing of information.
In Protocol III (1998-2000), the social partners were committed to the building of a modern, efficient economy, able to produce high and sustainable growth accompanied by job creation, low inflation and equitable distribution of benefits of economic growth. The third protocol has been described as representing a maturing of intent of the social partners into a more comprehensive social pact that specifically addresses a number of labour market and socio-economic issues.

Protocol IV (2001-2004) was designed to deepen partnership on the basis of faith and trust. The social partners are committed to deepening industrial harmony as a means to confront the challenges of globalization and the demands of the information age and to improve the competitiveness of the economy. The specific major objectives were to reposition the Barbados economy to seize opportunities of furthering its interests in its regional, hemispheric and global environments; the reduction of social disparities: national commitment to increased competitiveness through improved productivity and efficiency in the workplace; maintenance of a stable industrial relations climate; preservation of exchange rate parity; and consolidation of the process of tripartite consultation.

The Irish Model

Social partnership has attracted more attention in Ireland than any of the other eleven of fifteen European Union member states, which have moved in that direction. In the Caribbean region, the Irish experiment has attracted attention for two obvious reasons. The first reason has to do with the character of the economy. Ireland can be seen as a somewhat bigger version of Caribbean economies, i.e. small and open, with a narrow industrial base and with an agricultural sector, which is proportionately large in relation to industry and manufacturing. Ireland, like Caribbean economies, has experienced high levels of unemployment, well above the average for Europe. Up to the 1990s, the Irish economy had not performed well, in terms of growth, employment creation and other indicators of development. The second reason has to do with the success of the country's strategy to escape from a serious economic crisis of the late 1980s.

Ireland's extraordinary achievement - “the miracle of the Celtic Tiger”- has been described from the perspective of one of the architects of the success, the Irish Congress of Trade Unions (ICTU). In the mid-1980s Ireland suffered a severe economic recession. Public finances were out of control with a burgeoning national debt. The rate of growth of the economy was falling. Unemployment was rising to record levels. The ICTU proposed a way forward based on agreement of the social partners. The aim was, through a national consensus to plot a way out of the economic difficulties. The Programme for National Recovery (PNR, 1987-1990) was agreed. The main features were: wage moderation, measures to stimulate employment, lower taxation of workers’ earnings and commitments to improve social protection. By all the measures of economic performance, PNR was highly successful.

Four other protocols followed PNR: Programme for Economic and Social Progress (PSP, 1990-1993), Programme for Competitiveness at Work (PSW, 1994-1996), Partnership 2000 (1997-2000) and Programme for Prosperity and Fairness (PPF, 2000-2003). Not only did the outcomes of these programmes sustain the economic progress but there was also collateral progress in the social sectors, one example being reduction of the poverty levels. The Irish protocols are not without critics, but clearly the majority verdict is that it was a highly successful strategy, which merits serious study as a model for the developing world.

CONCEPTS AND ISSUES

This Chapter looks at some critical concepts and issues in the analysis and design of enterprise Partnership agreements in the Caribbean. Two survey instruments were designed to elicit the views of stakeholders regarding management-labour co-operation. The stakeholders were identified by the national co-ordinators of the ILO/PROMALCO project. The survey instruments are reproduced at Appendices I and II. In the discussion of issues and concepts, the authors took into account the responses of the key informants. The full analysis of the responses is reproduced at Appendix III.

We first attempt to place enterprise partnership agreements in the context of a process of social dialogue. Second, and of fundamental importance, we seek to clarify the concept of enterprise partnership agreement in relation to collective bargaining. In addition, the Chapter examines the purpose, relevance, benefits, process, roles, pre-requisites and principles underlying enterprise partnership agreements in the Caribbean.
Other important questions considered in the study are as follows:

- Is management-labour partnership an essential high road strategy for enterprise competitiveness in the Caribbean;
- Who should be involved in the negotiation and implementation of partnership agreements;
- What should be the shared and individual responsibilities and commitments of the key partners;
- What should be the role of Government and the social partners in the promotion of partnership agreements;
- How is trust developed between the parties to a partnership agreement;
- Should international labour standards be incorporated in the partnership agreement;
- Should the partnership agreement be binding;
- Would a single guide agreement be suitable for all situations in the region or would more than one model be required;
- What should be the relationship between collective bargaining and the partnership agreement; and
- What structures should be put in place for the effective implementation of partnership agreements;

Having regard to the need for practical acceptable recommendations, the authors were inevitably guided by the views and consensus of the informants.

**Social Partnership**

**Social Dialogue**

The ILO uses the term social dialogue to include all types of information-sharing, consultation and negotiation between representatives of the social partners (governments, employers and workers) on issues of common interest which relate to economic and social policy. Information sharing is the most basic and indispensable element for effective social dialogue. In itself, it implies no real discussion or action on the issues but it is nevertheless vital to meaningful dialogue and the decision-making process.

Consultation goes beyond simply sharing information. It requires an engagement by the parties through an exchange of views, which in turn can lead to more in-depth dialogue. Tripartite or bipartite bodies can engage in negotiations and the conclusion of agreements. Collective bargaining is one of the most widespread forms of social dialogue; it can be seen as a useful indicator of the capacity within a country to engage in national level tripartism. Parties can engage in collective bargaining at the enterprise, sectoral, regional, national and even multinational level.

Social dialogue takes place as a tripartite process where Government engages in dialogue with employers and workers; otherwise it exists as a bipartite process where there are direct relations between management and labour with or without the indirect involvement of government. In the Caribbean, the most current form of social dialogue is collective bargaining. However, it has been practised in an adversarial manner whereby management seeks to retain as much of the profits and labour seeks to obtain as large a share of those profits for the workers. With this mindset, the scope of the issues placed on the negotiation table has been confined almost exclusively to salaries and benefits.

In light of the economic and social imperatives facing Caribbean enterprises, both labour and management need to understand that traditional ways of operating have to change. Change is required in the area of bipartite social dialogue: labour and management can no longer afford to continue to fight over the spoils; they need to work together to ensure the survival of the enterprise and the creation of jobs. To undertake this challenge, labour and management have to recognize their common interests and be willing to broaden the scope of their bipartite relations. The enterprise partnership agreement is one tool which affords management and labour the establishment of a process that institutionalizes workplace democracy and social dialogue at the level of the enterprise.

**Partnership Agreements and Collective Bargaining**

**Definition**

An enterprise partnership agreement is essentially a management-labour partnership arrangement. It may be defined as a joint undertaking by the employer/management, the representative trade union(s) and workers to promote a collaborative and participatory approach to governance and the sustainable development of the enterprise to their mutual benefit. This governance can relate to issues of strategic planning, administration and labour-management relations including the concept of decent work. Sustainable
development of the enterprise would include enterprise competitiveness, productivity enhancement, human resource development, and the employment security of workers.

Form
The ownership and industrial relations management structure of an enterprise will influence the form of the partnership agreement. In this study, the authors have identified three broad scenarios, which would require a specific partnership agreement. The typical enterprise from a management-labour partnership perspective would have one or more trade union and a category of exempt workers (who are not within any bargaining unit represented by the trade union(s). The second scenario would involve an enterprise where the workers are not unionised. While from a management-labour partnership perspective, the authors are of the view that it is in the best long-term interest of the employer and workers that the workers be unionised, cognisance must be taken of the industrial relations environment where in almost all the countries in the region with the possible exception of Suriname most enterprises are not unionised. The authors do not believe that these enterprises should be excluded from management-labour partnership arrangements. The third scenario comprises those few enterprises, which are co-owned by workers.

Enterprise Partnership Agreement and the Collective Bargaining Process
The enterprise partnership seeks to build on collective bargaining in terms of scope and objectives. Whereas the enterprise partnership agreement includes all interest groups in the enterprise, collective bargaining tends to be limited and specific to a particular bargaining unit – a subset of the enterprise.

Traditional collective bargaining normally tends to focus on the distribution of wealth created by the enterprise and fair and reasonable terms and conditions of employment of workers. An enterprise partnership agreement, on the other hand, promotes strategies and policies to enhance the wealth in a collaborative and participatory manner. In other words, the emphasis in partnership agreement is the growth of the wealth of the enterprise.

While traditional approaches to collective bargaining highlight the perceived differences, if not conflict, between management and workers represented by the trade union. In an enterprise partnership agreement all the parties seek joint approaches to the solution of enterprise issues of competitiveness, human resource development, policy formulation and quality of life at the workplace. Even the physical seating arrangements reflect a collaborative approach.

Enterprise partnership agreements also seek to promote partnerships in the relationship between management, the trade union and workers. In the traditional collective bargaining process the parties focus on their immediate concerns without consciously seeking to build partnerships in the relationships. The outcome may be mutually acceptable but no special effort is made to develop a partnership within which the parties view their interests as being mutually compatible.

Finally one major feature is the fact that collective bargaining is usually regulated by labour laws. Enterprise partnership agreements, on the other hand, are governed primarily by economic and human resource considerations. In collective bargaining the parties often seek third party intervention in the form of conciliation, mediation, arbitration and adjudication when negotiations break down or there is an unresolved dispute. In enterprise partnership agreement the parties take direct responsibility for the resolution of their problems.

Purpose
The primary purpose of the enterprise partnership agreement is essentially to promote and consolidate management-labour collaboration and cooperation in order to enhance the competitiveness of the company, respect and uphold the status, rights and the employment interests of the workers.

The partnership agreement is also an important tool in the promotion of mutual trust and respect between the management of the enterprise and the representative trade union. This trust and mutual respect are seen as pre-requisites for an effective collaborative and participatory approach to productivity enhancement and management within the enterprise.

Another purpose is that the agreement should lead to the establishment of standards and policies for the development of human resources and labour-management relations. Inevitably, it would lead to the promotion of the concept of decent work and the strengthening of international labour standards within the
workplace. In sum, its purpose is to promote the mutual benefit and interests of all stakeholders in the enterprise - workers and their representatives, managers and employers.

**Relevance**

The relevance of the enterprise partnership agreement lies in the recognition of trade unions, workers, managers and employers that they have common interests that tend not to be addressed adequately by collective bargaining. In particular, they must jointly address issues of the competitiveness of the Company, human resource development, company policies affecting industrial relations and the quality of life at the workplace. In addition, it is important to recognize that the workers must have an input into the strategic planning of enterprises. Most of the key informants expressed the view that strategic planning in the Caribbean remains the prerogative of the Board of Directors and/or Management of an enterprise. It should be noted here that the participation of trade unions and workers is important to any strategic planning exercise of enterprises. Apart from the contribution that the trade union and workers can positively make to the exercise by virtue of their knowledge and experience, ownership by workers in the conceptualisation and preparation of the strategic plan would boost their morale and sustain their commitment to its successful implementation. An enterprise cannot build a collaborative and participatory culture on the basis of selective workers' participation that is not based on logic and reason.

In addition, the very survival and future prospects of employers/management and workers and their representatives are inextricably bound and influenced by the process of globalization and trade liberalization. Increasing international competition has resulted in the loss or reduction of market space for a number of traditional Caribbean industries. The company closures that followed have adversely affected not only employers and managers but also workers and trade unions. The relation among the employer, trade union and workers must therefore be developed on the basis of consensus building and partnership and not adversarialism if the company is to survive and develop in the face of the uncertain market conditions and increasing international competition. We now have very instructive examples in the region where the trade unions and management have got together to reduce operating costs to ensure the survival and prosperity of enterprises.

The challenge of international competition facing regional enterprises could be best addressed through partnership agreements where workers know that they have a stake in the success of the enterprise and are given the opportunity to express their interest and make their contribution. Partnership agreements within this scenario would allow for a greater understanding of all relative positions and interests of employer and trade union and could be pursued by the adequate sharing of relevant information and by genuine consultation and participation in decision making.

**Enterprise Partnership Agreements and the High Road strategy.** Enterprise partnership agreements can be a critical asset in the successful implementation of high productivity/high competitiveness - the so-call High Road strategy envisaged for the region. The High Road approach to human resource management has been described as “competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, labour-management co-operation, better work organization and enhanced capacity to adapt to constantly changing economic environment”.

Some of the highroad principles identified in the ILO Study on “High Road Business Strategies in the Caribbean” are:

- Union recognition and collective bargaining;
- Worker-management partnerships;
- Strategic human resource management and development;
- Open communication;
- A culture of consistent innovation;
- Organizational development;
- Environmental management;
- Strategic planning;
- Building social capital;
- Social development;
- Improved working conditions.

A strong case can be made that all parties share an institutionalised commitment to these principles. This could be best achieved in a partnership arrangement such as provided for in the partnership agreement.
Partnership Agreements and Labour Standards

There is consensus among informants that international core labour standards should be incorporated in the partnership agreement. These comprise the following ILO Conventions:

- The Elimination of all Forms of Forced or Compulsory Labour
  - C29 Forced Labour, 1930;
  - C105 Abolition of Forced Labour, 1957;
- Freedom of Association and the Effective Recognition of the Right to Collective Bargaining
  - C87 Freedom of Association and the Right to Organise, 1948;
  - C98 Right to Organise and Collective Bargaining, 1949;
- The Elimination of Discrimination in Respect of Employment and Occupation
  - C100 Equal Remuneration, 1951
  - C111 Discrimination (Employment and Occupation), 1958;
- The Effective Abolition of Child Labour
  - C138 Minimum Age, 1973

The views of the informants support the position of ILO that the observance of international standards are good for business and can be used as strategic tools in advancing the sustainability and profitability of enterprises.

Benefits of Enterprise Partnership Agreement

During the fieldwork, enterprises with some form of labour-management partnership arrangement emphasised that the partnership approach made a fundamental difference to conflict resolution. Prior to entering the partnership phase, these enterprises had a large backlog of industrial relations disputes awaiting conciliation and arbitration/adjudication. That situation affected staff morale and productivity. It was an irritant that could easily degenerate into industrial action. With the development of the partnership approach, virtually all differences and complaints were resolved in non-crisis meetings at the bi-lateral level without the intervention of third parties.

Another fundamental benefit of the partnership approach was the development of mutual trust and respect between the trade union and management. This in part contributes to the increased productivity and the drastic reduction or absence of dispute related work stoppages experienced by enterprises that have introduced some form of partnership arrangement.

The partnership arrangement has also brought benefits to the trade union and the workers. The trade union's role is strengthened and expanded within the enterprise. It therefore becomes more relevant to the workers. In addition, workers benefit from productivity enhancement through gain sharing and greater security of employment.

In terms of potential benefits, all informants expressed the view that enterprise partnership agreements would provide for the mutual interests not covered by collective bargaining, would serve the interests of the trade unions, workers and management, enhance the employability of workers and the competitiveness of enterprises.

Process

Special attention must be paid to the process of establishing and promoting enterprise partnership agreements. The informants identified four stakeholders who could have some role in the establishment and implementation of enterprise partnership agreements, namely, employer/management, trade union, representative forum of workers of exempt workers who are outside the bargaining unit represented by any trade union and Government. All the informants agreed that the employer/management and the trade union had a central role to play. Generally, it was felt that once there was a recognised representative trade union, the representative forum of workers should not play any active role in the establishment of the enterprise partnership agreement as they could undermine the role and function of the trade union within the workplace.

Role of Government

It was also felt that the Government should not play any lead role in the formulation and implementation of enterprise partnership agreements. Its role should be no more than supportive and monitoring. For example, it could provide general guidelines for the establishment and implementation of such agreements. In
addition, the Government should be informed of such agreements and the Ministry of Labour could be the depository of such agreements.

The consensus among the informants was that social partnership at the national level could facilitate the development of effective enterprise partnership agreements and that the national Social Partnership Protocol or Compact could be used as a framework and inspiration for the establishment of enterprise partnership agreements.

Pre-requisites
The majority view of the key informants was that the pre-requisites for the effective enterprise agreements were risk-taking and enlightened leadership and the recognition of convergent interests and mutual gains possibilities.

Strategy
The general consensus was that while the employer/management should in principle initiate the discussions. However, this should not preclude the trade unions and workers from taking such initiative. A majority of informants felt that the resolution of existing disputes preferably without the intervention of third parties should be the first issue to be addressed in promoting the dialogue for an enterprise Partnership agreement.

Trust building
A study by Wynette Harewood makes the important point that trust is a resource, an investment in the human capital of enterprises. She acknowledges that trust is both a process and an outcome of organisational change and transformation. Some of the factors she identifies as trust enhancers are:

- The sharing of information, especially corporate financial information;
- Team work;
- Investing in employee training and development;
- Equality of status and equity at the bargaining table;
- The involvement of workers in decision making;
- Mutually acceptable operating principles or working agreements to guide corporate policy;
- The perceived credibility of the company’s management in the eyes of the union executives and employees;
- The quality of leadership exercised by managers and union representatives; and
- The absence of political interference in the affairs of the company.

Within the context of the partnership agreement, one successful strategy is for the enterprise and the trade union to make a determined effort to resolve all outstanding disputes in an acceptable manner as a preliminary step towards the implementation of a partnership agreement. This should be attempted without the intervention of third parties as far as possible. An additional strategy is to incorporate international labour standards into the enterprise agreement. A third strategy is to introduce some form of employee equity ownership scheme.

Trust in Management-Labour Relations

Shared commitments of the partners

It cannot be overemphasised that the onset of globalisation and trade liberalization demands joint and individual commitments of the employer/management, trade unions and workers in order to sustain enterprise competitiveness, maintain and increase employment opportunities and improve the standard of living of the parties. There is no doubt that there is the need to increase efficiency and productivity to a level where the enterprise can compete in the new global environment.

In particular, the parties should be jointly committed to the following objectives:

- The creation of an environment and a framework of policies, programmes and institutions for the promotion of Management-Labour partnerships;
- The promotion of competitiveness of the Company through enhancing productivity, human resource and technological development;
- The effectiveness of the trade union as a representative agent of the workers by respecting their legal rights and expanding their role in the development of the company and in the promotion of human resource development and quality of life issues at the workplace;
• The employment security of workers;
• The joint organisation of educational programmes aimed at sensitising the workers and management to the importance of achieving international competitiveness of the company;
• The promotion of a collaborative and participatory culture within the company;
• The promotion of ILO labour standards, including the right of workers to collective bargaining;
• The resolution of their differences in an atmosphere of trust;
• The highest standards of occupational health and safety;
• The development of the common interests of the parties in a fair and equitable manner.

Commitment of the Company

The company should be committed to:
• Consult with the trade union in all matters of policy, in particular those affecting the interest and welfare of workers;
• Discuss with the trade union the strategic and business plans of the Company and where possible seek the trade union’s co-operation in their effective implementation;
• Collaborate with the trade union to develop productivity schemes;
• Treat and deal with the trade union in good faith;
• Collaborate with the trade union in good faith to promote international labour standards within the workplace;
• Develop an effective communication policy with the trade union;
• Seek the assistance of the trade union in promoting and marketing the company;
• Be committed to the long term employment security of workers;
• Be committed to ensuring that trade union rights are respected;
• Promote education at all levels of the company in matters relating to the Partnership agreement.

Commitment of the trade union/ workers

The trade union and workers should be committed to:
• The success of the company;
• The strategic business goals of the company;
• Assist the company to develop programmes, which are geared towards increasing labour productivity and human resource development;
• Assist the company with the development of acceptable productivity schemes;
• Promote international labour standards within the workplace;

Principles

It is very important that mutually acceptable operating principles underpin a partnership agreement. As Harewood noted, this is one of the factors, which enhance the development of trust. The study also identified a number of principles underlying enterprise partnership agreements in other environments and tested their acceptability in the Region. These principles were as follows:
• Employees should be committed to the Organization’s business goals;
• Employees’ rights to collective bargaining should be formally recognised;
• The parties should be committed to resolving their differences in an atmosphere of trust;
• The enterprise should be committed to the long-term employment security of its permanent workforce;
• Employees should be assisted in enhancing their employability;
• Employees should be kept informed of major business decisions affecting them;
• Feedback should be sought from all employees;
• Employees should have a responsibility to actively seek out and suggest improvements to working arrangements and quality of life at the workplace;
• Employees should share in the financial success of the Company;
• There should be fair and equitable treatment of all employees;
• There should be no hard and fast job demarcation;
• Employees should have control over the routine aspects of own work;
• Decision-making authority should be delegated to lower levels where work is being performed;
• There should be commitment to mutually agreed shifting of issues from collective bargaining to joint problem-solving forums which may be part of the enterprise Partnership agreement;
• There should be a strong link between productivity and quality of working life;
• The agreement should be binding;
• Confidential information related to the company's financial position should be observed.

Legal status

The majority view of the informants was that the partnership agreement should be made legally binding. Some respondents indicated that they did not trust the other party to enforce any agreement that was not legally binding. The authors' view however is that the partnership agreement should be morally and not legally binding precisely because there are no legal sanctions for non compliance. The parties should be mature and enlightened enough to know that non-compliance would be to the detriment of all parties. They should recognise the importance of the partnership agreement to the competitiveness of the enterprise, the success of the trade union and the employment interest of the workers. They should therefore be committed to participate fully in the partnership agreement and to uphold and carry out all decisions and undertakings.

Relationship between Partnership Agreements and Collective Agreements

It is recognised that there may be potential conflicts and inconsistencies between the partnership agreement and the collective agreement. In these circumstances, the authors believe that the collective agreement, which has legal sanctity in some jurisdictions, should be supreme. Therefore, no procedure, decision or other provision of the partnership agreement should supersede or override the collective bargaining process or any provisions of the collective agreement.

One or more models

While the scope and objectives of the partnership agreements in the region should be substantially uniform. The different forms of industrial relations scenario mentioned above mean that the parties to the partnership agreement which may require different models.

One reservation expressed is that in enterprises where workers are not unionised, the enterprise partnership agreements may militate against the mobilisation effort of trade unions. Interestingly, where workers are represented by trade unions, no reservation was expressed that the partnership agreement would lead to the weakening of the trade union. In fact, some informants argued that it would strengthen the union's role and image.

Institutional and Administrative arrangements

The informants have expressed the view very forcefully that there should be a joint management/workers forum charged with the responsibility of implementing the Partnership agreement. It is strongly recommended that the Partnership Forum should reflect all interest groups in the company and should include not only the management and the representative trade union(s) but also what is referred to as exempt workers (those excluded from bargaining units represented by the trade union).

In order to develop trust there should be equality of status in terms of representation. It is recommended that both the management and the trade union should have an equal number of representatives with equitable representation from the exempt workers group.

The Forum should submit reports to the Board of Directors and workers of the company on a regular basis. In addition, there should be an annual meeting of the Forum and all stakeholders to review the work of the Forum and to plan strategic directions and a work programme for the following year.

The experience of enterprises with partnership arrangements suggests that the enterprise is best placed to provide the administrative, research, technical and financial support and resources to facilitate the work of the Partnership Forum.
ANALYSIS OF PARTNERSHIP AGREEMENTS

RECOMMENDED CONTENT FOR PARTNERSHIP AGREEMENTS

PARTIES
1. High Road Management Labour Co-operation Company Limited, a Company incorporated under the Laws of the Republic of Globalization and whose registered office is situate at Change Management Boulevard (hereinafter called “the Company” and, represented by the Chief Executive Officer and (number) delegates appointed by him.
2. Social Partnership and Labour Standards Trade Union, a trade union registered under the Laws of the Republic of Globalization and whose registered office is situate at Social Dialogue Avenue (hereinafter called “the Trade Union”, represented by the President General and (number) shop stewards/workers representatives.

PURPOSE OF AGREEMENT
1. To promote and consolidate Management-Labour partnerships in order to strengthen the competitiveness of the Company, respect and uphold the status and rights of the Trade Union and promote the employment interests of the Workers of the Company (hereinafter called “the Workers”).
2. To promote an atmosphere of mutual trust and respect between the Company's Management and the Trade Union.
3. To promote a collaborative and participatory approach to productivity enhancement and management within the Company.
4. To establish standards and policies for the development of human resources and labour-management relations.
5. To promote the observance of international labour standards within the workplace.
6. To create conditions and promote strategies for the prevention of disputes.
7. To promote the mutual interests of the Parties.

BACKGROUND
1. Globalization and trade liberalisation present opportunities and challenges for the Company, the Workers and their representatives.
2. The Company with the active support of the Trade Union and Workers has to increase its productivity and competitiveness and enhance its human resource capability to take full advantage of the opportunities of globalization and minimise the risks of globalization.
3. The Parties have recognised that they have a common interest in the competitiveness of the Company, human resource development of the Workers, company policy affecting industrial relations and the promotion of the concept of decent work.
4. The relations the Company and the Workers of the Company and their representatives have to be developed on the basis of consensus building and partnership and not adversarialism if the Parties are to survive and develop in the face of the uncertain market conditions and increasing international competition.
5. The Parties are convinced that enlightened leadership, the recognition of convergent interests and mutual gains possibilities are essential pre-requisites for the success of the Partnership agreement.
6. The role of the Company's Management and the Trade Union has to be strengthened for the Partnership Agreement to succeed.
7. A partnership agreement provides opportunities for promoting competitiveness of the Company and minimising conflicts at the workplace and resolving disciplinary matters at an early stage without the need for formal procedures and third party intervention.

SHARED COMMITMENTS
The parties are jointly and severally committed to:
1. The creation of an environment and a Partnership of policies, programmes and institutions for the promotion of Management-Labour Cooperation and Collaboration.
2. The promotion of competitiveness of the Company through increasing productivity, human resource and technological development.
3. The success of the Trade Union as a representative agent of the Workers of the Company by respecting their legal rights in the management of management-labour relations and expanding their
role in the development of the Company and in the promotion of human resource development and quality of life issues at the workplace.
4. The employment security and career development of the Workers.
5. The joint organisation of educational programmes aimed at sensitising the Management and Workers to the importance of achieving international competitiveness of the Company.
6. The promotion of a collaborative and participatory culture within the Company.
7. The promotion of the international labour standards, including the right of workers to collective bargaining.
8. The resolution of their differences in an atmosphere of trust.
9. The highest standards of occupational health and safety.
10. The development of the common interests of the Parties in a fair and equitable manner.

PARTNERSHIP FORUM
The Parties shall establish a Partnership Forum comprising an equal number of representatives from the Company and Workers.

The Parties shall ensure that their representatives are appointed from the highest levels within their respective organisations/groups and maintain a firm commitment to the process.

Each Party shall appoint a Co-ordinator who shall be responsible for ensuring that all arrangements for the implementation of the agreement are properly co-ordinated and executed.

The Partnership Forum shall meet once per month and at such other time, as the Parties may deem expedient.

The Chairmanship of the Partnership Forum shall be rotated among the Parties for fixed terms to be agreed by the Parties.

Decisions shall be taken on the basis of consensus and unless otherwise agreed shall be binding on all Parties.

The Partnership Forum may appoint ad hoc task forces to consider specific issues for the consideration of the Partnership Forum.

The Partnership Forum shall organise educational programmes aimed at sensitising Workers and Managers to the importance of the partnership arrangement.

Any Party may propose any relevant matter for the consideration of the Partnership Forum.

The Partnership Forum may establish its own procedural rules for the conduct of its business.

The Partnership Forum shall submit quarterly reports and such other special reports it may deem expedient to the Board of Directors the Union and all Workers of the Company on its deliberations, decisions and achievements.

There shall be an Annual Meeting of the Partnership Forum and all stakeholders to review the annual report of the Partnership Forum and to discuss and agree strategic directions and a work programme for the Partnership Forum for the next year.

The Company shall provide the administrative, research, technical and financial support and resources required to facilitate the work of the Partnership Forum.

COMMITMENT OF THE COMPANY

1. Consult with the Workers through their Representatives in all matters of policy, in particular those affecting the interest and welfare of workers of the Company.
2. Discuss with the Workers through their Representatives the strategic and business plans of the Company.
3. Collaborate with the Workers through their Representatives to develop programmes, which are geared towards improving enterprise productivity and the development of its human resources.
4. Develop productivity schemes in collaboration with the Workers through their representatives.
5. Treat and deal with the Trade Union in good faith.
6. Collaborate with the Trade Union’s efforts to promote International Labour Organization’s core labour standards and other labour standards, which recognise and invest in the human capital of the Company.

7. Work with the Workers through their Representatives for the promotion of a collaborative and participatory culture within the workplace.

8. Develop an effective policy of communication with the Trade Union and Workers.

9. Be transparent in all appointments, promotions, transfers and separations and provide the Union with access to all material documentation which form the basis of decisions in requested cases.

10. Seek the assistance of the Workers through their Representatives in the promotion and marketing of the Company’s products and services.

11. Be committed to the long-term employment security of the Workers.

12. Be committed to ensuring that the rights of the Trade Union are respected.

13. Promote education at all levels of the Company in matters relating to the Partnership agreement.

COMMITMENT OF THE WORKERS AND THEIR REPRESENTATIVES

1. Be committed to the business success of the Company.

2. Support the promotion of the strategic business goals of the Company.

3. Assist the Company to develop programmes, which are geared towards raising enterprise productivity and all round efficiency in all spheres of activity and human resource development.

4. Assist the Company with the development of productivity schemes.

5. Promote international labour standards within the workplace.

6. Work with the Company and the Exempt Workers’ Representative(s) for the promotion of a collaborative and participatory culture within the workplace.

7. Ensure that the Workers’ interests are promoted and protected.

8. Promote the enterprise Partnership agreement.

9. Promote the education of management and workers in issues relating to the Partnership agreement.


GUIDING PRINCIPLES

1. Workers should be committed to the organisation’s business goals;

2. Workers’ rights to collective bargaining should be formally recognised;

3. The Parties should be committed to resolving their differences in an atmosphere of trust;

4. The enterprise should be committed to the long-term employment security of its permanent workforce;

5. Workers should have a responsibility to actively seek out and suggest improvements to working arrangements and quality of life at the workplace;

6. Workers should be kept informed of major business decisions affecting them;

7. Workers should share in the financial success of the Company;

8. There should be fair and equitable treatment of all workers;

9. Workers should have control over the routine aspects of their own work;

10. Decision-making authority should be delegated to lower levels where work is being performed;

11. There should be commitment to mutually agreed shifting of issues from collective bargaining to joint problem-solving forums which may be part of the enterprise Partnership agreement;

12. The strong link between productivity and quality of working life should be explicitly recognised and inform the position of the Parties;

13. The agreement should be morally binding;

14. Confidentiality of information related to the Company’s financial position should be observed.

RELATIONSHIP WITH COLLECTIVE BARGAINING/ AGREEMENT

No procedure, decision or any other provision of the Partnership Forum shall be construed to supersede or override the collective bargaining process or any provisions of the collective agreement or otherwise adversely affect the sacrosanct nature of the collective bargaining process.

To the extent that any decision of the Partnership Forum is inconsistent with the Collective Agreement, the provision of the Collective Agreement shall prevail.

LEGAL STATUS OF PARTNERSHIP FORUM

It is hereby understood and agreed that the Parties to the Partnership Forum do not intend to create a
legally binding arrangement. The Parties recognise the importance of the Partnership Forum to the competitiveness of the Company, the success of the Union and the employment interest of the Workers and are committed to participate fully in the Partnership Forum and to uphold and carry out all decisions and undertakings.

AMENDMENT

It is hereby understood and agreed that the Partnership Forum has to be consolidated and strengthened. Within this context, the Parties agree to keep this agreement under periodic review.

COMMENCEMENT AND DURATION OF AGREEMENT

This agreement shall take effect from the date of signature of the Parties and shall continue for an indefinite duration.

In witness whereof:
Signature of Parties
CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The traditional collective bargaining process has served the region well and remains indispensable to the maintenance of good industrial relations practices. However, the prevailing scope of collective bargaining as a system of management-labour relations cannot adequately address many of the challenges faced by Caribbean enterprises in new era of globalisation. The study revealed that it is the common view of trade unionists, human resource managers and labour administrators that the prevailing approach to collective bargaining does not fully address all issues of common concern to management and workers. In particular, the agenda does not adequately address the issue of competitiveness of companies, human resource development and company policy decisions affecting workers.

The opportunities and risks presented by globalization and trade liberalization require a more collaborative and participatory approach to human resource management and industrial relations. The imperatives of sustaining enterprise competitiveness require a new form of partnership between management, trade unions and workers to address the issues of the market space. Increasingly, companies have to respond to the imperatives of restructuring their operations, adapting to new technologies and investing in human resource development. This new requirement of change in the face of uncertainty does not fit well with traditional collective bargaining. Collective bargaining thrives on stability; it fixes terms and conditions for a stipulated period of time, at least three years in the case of Trinidad and Tobago. However, the dynamics of the international markets require flexibility and constant change.

There are some notable examples in the Caribbean of the collapse of industries and companies resulting from the failure to restructure their operations to address changed market conditions. These failures have impacted adversely on the positions of the Companies, the workers and their representatives. The lesson to be learnt from these failures is that the issue of the competitiveness of companies is a matter not only for the management but also the workers and their representatives. The restructuring of operations must not be seen as a machination to weaken trade unions but an essential strategy to enable companies to remain competitive. Similarly, the need to upgrade human resource is a matter to be seen as a strategy that will bring beneficial results to the enterprise, the workers and by extension the representative trade unions.

In these circumstances, social partnerships at the national, sectoral and company levels are indispensable for the promotion of economic development and enterprise competitiveness. While most Caribbean countries are engaged in discussions for social partnerships at the national level, the establishment of management-labour partnership at the company level is not well advanced. During the fieldwork involved with this study, the authors encountered only two companies with institutionalised social dialogue taking the form of partnership agreements. There were other companies with lower level management-union arrangements such as joint review councils, ad hoc committees and informal focus groups.

The various forms of management-labour co-operations encountered were:

- Enterprise partnership agreement;
- Partnership forum;
- Works council;
- Management-labour review councils;
- Management-labour non-crisis meetings; and
- Open door policy.

Although the practice of management-labour partnership was far from firmly rooted, ideological support for management-labour partnership ran high throughout management, trade unions and Government. It was felt that the impact of globalization would make the social partners realise that they have to adopt a collaborative and cooperative approach if they are to successfully deal with the critical issues of productivity, human resource development, workplace flexibility and modernisation of the production base.

As noted earlier, the respondents generally agreed that collective bargaining did not adequately address some of the areas of common interest to both management and trade such as competitiveness of the enterprise, human resource development, and company policy. There was strong support for new structures and institutions, in particular some form of enterprise partnership agreement to address those issues of common interests that could not be adequately dealt with in collective bargaining.

There was consensus that the existence of social compacts at the national level could influence the pace and
direction of establishment of enterprise Partnership agreements. The social partnership could provide the inspiration and lay down guidelines for enterprise Partnership agreements.

Most respondents agreed that the discussions to establish an enterprise agreement should in principle be initiated by management or the trade union or a representative forum of workers. There was also consensus that the agreement should be all embracing and that workers outside of the bargaining units represented by the trade union should not be excluded from the process.

Most respondents shared the view that the first issue to be addressed should be the resolution of all outstanding disputes. It was argued that this would be a morale booster and help build mutual trust and respect among the parties.

The study revealed that the majority of principles that underpin enterprise Partnership agreements are strongly endorsed by the management and trade unions. It was agreed that the core or essential underling principles should include:

- Employees should be committed to the organisation’s business goals;
- The parties should be committed to resolving their differences in an atmosphere of trust;
- The enterprise should be committed to the long-term employment security of its permanent workforce;
- Employees should have a responsibility to actively seek out and suggest improvements to working arrangements and the quality of life at the workplace;
- Employees should be kept informed of major business decisions affecting them;
- Employees should be assisted in enhancing their employability;
- There should be fair and equitable treatment of all employees;
- Feedback should be sought from all employees;
- There should be a commitment to developing the skills and competencies of all employees;
- Where practicable, employees (individually or in teams) should be encouraged to control the routine aspects of their work assignments;
- Employees should be as flexible as reasonable requirements demand;
- There should be commitment to decision-making authority being delegated to lower levels closer to where work is being performed;
- The strong link between productivity and quality of working life should be recognised and inform the positions of the parties;
- Confidentiality of sensitive information relating to the company’s financial position should be observed.
- Employees should share in the financial success of the Company.

Within the region, there is no “one size fit all” prototype of enterprise Partnership agreement for the Caribbean region. Some of the conditioning factors include:

- Industrial relations environment at the national and enterprise level;
- Economic circumstances at the macro and micro level;
- Structure of the enterprise; and
- Culture within the enterprise.

**Recommendations**

The establishment of Partnership agreements should be vigorously promoted in Caribbean countries. In the promotion campaign it should be emphasised that Partnership agreements are intended to complement and not replace collective bargaining by providing a Partnership for dialogue and resolution of issues, which are not traditionally within the scope of collective bargaining, for example, competitiveness of enterprises, human resource development and enterprise policies and decisions that affect the workforce.

In the subject area of Partnership agreements, the ILO/PROMALCO programme has produced an impressive body of work in the form of research projects, commissioned studies and conferences. Consequently, ILO/PROMALCO is in a unique position to take the lead in the promotion campaign which has to be collaborative and co-operative in character and which must include employers and trade union umbrella organisations, government and any other groupings that can contribute to the process of establishing Partnership agreements.

The potential benefits of collaboration and participation among the social partners should be fully explored
within the Partnership of the Partnership agreement. Particular attention should be given to issues related to productivity, human resource development and labour market flexibility.

The construction of social compacts at the national and sectoral levels should also be vigorously encouraged for the inspiration and impetus they provide for forging new Partnership agreements and converting ad hoc consultations into full-fledged Partnership agreements.

Governments should be encouraged to assume a pivotal role in facilitating the construction of Partnership agreements by applying moral suasion, providing the resources and institutions for social dialogue and fiscal adjustments.

Management should also be encouraged to play a lead role in initiating dialogue and pursuing other initiatives that can facilitate Partnership agreements.

The social partners should be made aware of the boost to the process of forging Partnership agreements that could be derived from resolving a backlog of outstanding disputes as an initial step.

The several principles of Partnership agreement listed above in this chapter on which wide agreement is apparent should be mooted as the principles on which Partnership agreements should be anchored.

The other principles on which some social partners express significant reservations as elements to be included in Partnership agreements should be considered for incorporation at the stage when Partnership agreements are firmly established.

In promoting Partnership agreements, the social partners should focus their attention on the mutual gains to be derived from adopting the highroad approach to social dialogue, which, if successful, would result in tangible benefits to the parties such as enhanced employment security for workers and improved productivity and profitability for the enterprise.

A deliberate effort should be made to develop strategies on trust building among the social partners at all levels. The strategies should concentrate initially on joint decision making on issues on which the social partners have demonstrated a shared outlook, for example, training schemes, management of pension schemes, occupation health and safety, company policy in life-threatening illnesses and the escalation of crime in the society.

The social partners should develop strategies to promote mutual gains possibilities such as incentive schemes based on productivity and profit sharing schemes.
CLAUSE 1. SPIRIT, PURPOSE AND SCOPE OF THE AGREEMENT

1. The spirit and intention of this Agreement is to maintain and further good relations between the Employer and its Employees (hereinafter called "the Employees") represented by the Union and to provide procedures for the avoidance and settlement of disputes.

2. This Agreement is also intended to promote economical and efficient operation of the works of the Employer, avoid industrial disturbances, achieve the highest level of Employee performance consistent with safety, good health and sustained effort and, to those ends, the Union and the Employer shall together negotiate and decide the rates, hours and conditions of employment for the Employees in the industry.

3. In fashioning and implementing this Agreement, the parties have adopted, as a guiding principle the following statement of the Employer's mission.

"To deliver an electricity supply service of the best quality and value to our customers; to satisfy the interests of shareholders and employees; to support sustainable development and contribute towards a high quality of life for our people."

Specifically the Union and the Employer agree to co-operate towards achieving the following objectives:

(i) To place and maintain VINLEC as the best service provider in this State.
(ii) To place and maintain VINLEC among the best performing utilities in the world.

4. The Union recognises that, in order to achieve these objectives, the Employer depends upon the skill, knowledge, reliability and responsibility demonstrated by its Employees. The Union agrees to co-operate fully with the Employer in the interest of providing an efficient and cost effective service at all times, and to assist the Employer in encouraging a good work ethic among Employees.

5. On its part the Employer undertakes to provide good quality jobs in a safe and pleasant environment, and to promote the health, welfare and general satisfaction of all its Employees.

6. Both parties therefore agree to collaborate towards securing the continuing financial and operational viability of the Employer, and towards maintaining attractive and secure jobs for the Employees. The parties also recognise the obligation to make appropriate adjustments from time to time in order to produce consistently good results in a constantly changing business environment.

7. The Union and the Employer shall work towards the consolidation of a pay-by-performance compensation scheme that is driven by sustained productivity improvements and by customer satisfaction. During the Life of this agreement the parties shall endeavour:
   1. To refine the existing method of fixing individual rates of pay according to assessments of individual performance and merit; and
   2. To introduce an additional element of employee reward for teamwork based on achievement of specified corporate performance targets.

8. In furtherance of this purpose the Employer and the Union both acknowledge the rights and functions attributed to each other herein.

CLAUSE 2 RECOGNITION OF THE UNION BY THE EMPLOYER

1. The Employer shall recognise the Union as the representative and sole bargaining agent for all categories of its Employees with the following mutually agreed exceptions:
   - All categories of Management staff at Supervisory level and above
   - Secretaries
   - Technicians
   - Systems Controllers. Meter Inspectors
   - Provided always that:
     (a) The Union remains a properly constituted Trade Union registered in accordance with the Laws of St. Vincent and the Grenadines. The Union can satisfy the Employer on a written request, which in normal circumstances may be made at intervals of not less than 21 months
from the date that this Agreement becomes effective that more than 50% of the Employees for
whom it is the bargaining agent are in favour of the Union continuing to act as their bargaining
agent. In the event of expression of dissatisfaction by Employees in the bargaining unit or in the
event that a claim for recognition is made by another Union the Employer may request at
intervals of not less than twelve (12) months that the Union proves that more than 50% of the
Employees for whom it is the bargaining agent are in favour of the Union continuing to act as
their bargaining agent.

(b) The Union and the Employer agree that whenever such proof is required by the Employer.
The Labour Commissioner shall be requested to carry out the necessary survey.

In such an event, the Employer agrees to make available to both the Union and the Labour
Commissioner a list of the Employees covered by the bargaining unit and the Union agrees to make
available to the Labour Commissioner all necessary and relevant books and records.

2. The bargaining unit may, by agreement of the parties, be altered during the period of this
Agreement.

3. While the parties have agreed to the defined bargaining unit nothing in this Agreement shall be
construed to mean a violation or infringement upon the individual right of any Employee to be a
member of any trade union or to refrain from being a member of any trade union in accordance with
his or her own wishes.

CLAUSE 3 THE EMPLOYER’S RIGHT AND RESPONSIBILITIES

It is the responsibility of the Employer to plan, organise, direct and control its business. It is therefore
acknowledged that all the rights, power, authority and regular customary functions of Management are
vested in the Employer. These functions shall include the light in its sole discretion:

1. To determine the activities in which the Employer shall engage;
2. To decide on the number of people to be employed, kept in employment, laid off, retrenched or
retired;
3. To direct the hours, methods, standards and manner or working in any department or section
provided that no action taken shall be inconsistent with the terms and conditions of employment
agreed between the parties;
4. To introduce technical improvements and methods of operation;
5. To control and regulate the use of all equipment and other property of the Employer;
6. To recruit new staff when necessary and to decide on the age, Sex, educational qualifications and
aptitudes required of Employees or of those to be employed. The Employer agrees that the Union
has the right to submit names for filling vacancies within the bargaining unit and undertakes to
notify the Union of all such vacancies;
7. To select supervisory personnel from within the bargaining unit or otherwise if suitable persons
cannot be found within the bargaining unit;
8. To select Employees for promotion, individual classification, transfer or training;
9. To make such rules and regulations, as it may consider necessary or advisable for the orderly,
efficient and safe conduct of its business and to require Employees to observe such rules and
regulations;
10. To discipline and dismiss Employees for good cause. When an Employee is suspended or dismissed
by the Employer, confirmation of that fact shall be given in writing to the Employee and to the
Union. If a grievance arises the Employee shall have the right to appeal in accordance with the
procedures set out in this Agreement, provided always that in the exercise of such rights the
Employer and the Union will undertake to deal with any matter that is not consistent with the terms
and conditions embedded in this Agreement.

CLAUSE 4 THE UNION’S RIGHTS AND RESPONSIBILITIES

Within the limits of this Agreement and subject to all relevant labour legislation in force in St. Vincent and
the Grenadines, the Union shall have the right to exercise all the functions of a Trade Union in accordance
with recognised trade union principles and practices. In this, it is the duty of the Employer to afford every
reasonable assistance to the Union to enable it to carry out its legitimate functions relating to this
Agreement. Specifically the Union shall have the following rights and responsibilities:

1. The Union will keep the Employer informed of the names of its officials and delegates selected from
among the different sections of Employees to represent them. Delegates representing the Employees
will themselves be Employees of the Employer. Other than during negotiations with the Employer in which the delegate may be involved, the Union will refrain from utilising during working hours the time of such delegates or of other Employees of the Employer without the express permission of Management, which permission shall not be unreasonably withheld.

2. The Employer and the Union agree that the appointment of an Employee to be a Union delegate shall in no way affect his/her status as an Employee and that all Union delegates shall continue to work at their normal jobs being given and accepting instructions from their supervisors in exactly the same way as other Employees.

3. Any delegate of the Union who is granted time off from duty during working hours to hold discussions with the Employer in connection with the application of this Agreement shall be paid for such time off as if he/she had been continuously on duty.

4. The Employer agrees that reasonable time off from duty may be granted to authorised Union delegates to attend to matters directly affecting the Union members on the job provided that sufficient notice is given and the time off can be arranged without adversely affecting the Employer's operation. The timing of the delegate's release shall be left to the discretion of his/her supervisor, provided that the supervisor shall not unreasonably delay his/her release from duty. Any Union delegate who is granted such time off from duty during working hours to attend to matters affecting Employees shall be paid for such time off as if he/she had been continuously on duty.

5. Authorised representatives of the Union shall be entitled, with the prior permission of the Employer, to visit the Employer's premises during working hours to investigate specific complaints of Employees. The Employer shall co-operate with the Union with these undertakings but reserves the right to appoint representatives to accompany the authorised Union officers during their visit.

6. The Employer agrees not to unreasonably withhold permission to allow officers of the Union who are employed by the Employer time to perform their duties. The Union for its part agrees to co-operate with the Employer in this undertaking. Where such duties do not relate to the business of the Employer, the officer will not be entitled to pay during his/her absence from duty.

7. The Employer agrees that it is desirable that Employees attend approved trade union educational programmes. To facilitate this, the Employer may in its sole discretion grant time off not exceeding two (2) weeks. Where such time off is granted the Employee shall receive pay as if he/she had been continuously on duty.

8. Upon receipt by the Employer of a voluntary written authorisation by an Employee, the Employer shall withhold from the pay of such Employee every month thereafter union dues in such amount as has been authorised by the Employee. The Employer shall transmit all such monies so deducted to the Secretary of Finance of the Union and the Union shall issue to the Employer its official receipt thereof; provided that the Employer shall cease deductions upon receipt of a written instruction from the Employees to that effect.

9. The Employer shall provide copies to the Union of all Employer's Rules and Practices appertaining to the Employees' conduct and methods of working on the job and of any amendments made from time to time.

10. The Employer shall notify the Union of any job titles within the bargaining unit, which may be discontinued. The Employer shall also notify the Union of any new job titles established within the bargaining unit and shall furnish the Union with a job description thereof.

11. The Union shall have the right to initiate at the management level of the Employer, negotiations concerning basic wages rates and new titles established by the Employer within the bargaining unit.

12. The Employer shall provide each Employee with a copy of the Collective Agreement and shall provide the Union with a reasonable number of copies at its request.

13. The Employer agrees to copy all memoranda concerning disciplinary matters to the General Secretary of the Union. When an Employee is suspended or dismissed by the Employer, confirmation of that fact shall be given in writing to the Employee and to the Union. If a grievance arises the Employee shall have the right to appeal in accordance with Clause 6 of this Agreement.

**CLAUSE 5 REPRESENTATION**

1. The Employer and the Union agree that whenever an issue is raised it is essential to both that settlement be reached with all possible speed. It is further agreed that the need for quick settlement requires that:
   - The Union and the Employer shall strive for immediate settlement on the scene or as near the scene as possible.
   - The Union and the Employer shall work with each other to obtain the exact facts without
consideration for attitudes, opinions or circumstances which have no bearing on the facts.

• The Union and the Employer shall respect the position of each other and conduct themselves in a spirit of mutual trust and confidence.

2. With all these joint beliefs in mind, the Employer and the Union agree that representations shall be made as set out by Clause 6 of this Agreement provided that nothing contained in this Agreement shall prevent Employees from making representation directly to Management through his/her immediate supervisor.

CLAUSE 6 GRIEVANCE AND REPRESENTATION

1. Any grievance or complaint concerning the violation of or non-compliance with this Agreement or concerning the application of this Agreement (and any other matter which may be specifically made subject to this grievance procedure by other provisions of this Agreement) shall be dealt with in the following manner:

• The question shall first be referred by the Employee or Employees to the foreman or the immediate supervisor responsible for that part of the operation, who shall receive the Employee who may, if he/she so wishes, be accompanied by the Union delegate for the department in which he/she is employed. The question shall be discussed with a view to reaching a mutually acceptable settlement without unreasonable delay, but the foreman or supervisor shall reply to the grievance within three (3) working days after it had been presented to him/her. Except that if the grievance concerns disciplinary action initiated by the foreman or supervisor it shall first be presented to the Head of Department in accordance with the second step of this Grievance Procedure.

• If the question is not satisfactorily settled under (a) above, it shall within three (3) working days after the supervisor's reply had been given be referred by the Employee's Union representative for the Department in which the Employee or Employees is or are employed to the Head of Department for discussion and settlement of the question without unreasonable delay. The Head of Department shall reply to the grievance within three (3) days after it had been presented to him/her.

• If no settlement has been arrived at under (a) or (b) above, a brief written statement of this issue raised by the Union shall be submitted to the Employer's General Manager who shall, without any unreasonable delay, either (i) arrange for a representative of the Union to be received to discuss and settle the matter, or (ii) of his own accord (or at the request of the Union) call a conference of Employer and Union representatives to discuss and settle the matter mutually without unreasonable delay. In any event the General Manager shall answer the grievance in writing within seven (7) days after it had been presented to him.

2. The parties may agree to a joint conference between the executive of the Union and the Employer to discuss any question affecting the general conditions of employment (including rates of pay) which is not dealt with under Sub-clause 1 above and which, in the opinion of the parties, is of sufficient importance to be dealt with under this Clause and such conference shall be held without unreasonable delay.

3. In the event of failure to settle any question in accordance with the procedure laid down under Sub-clauses 1 and 2 of this Clause, it shall be competent for either party to refer the matter to the Labour Commissioner and request him to intervene as a conciliator.

4. In any proceedings under Sub-clause 1(c), 2 or 3 of this Clause, not more than two (2) Employees' representatives shall be allowed the necessary time off during normal working hours, without loss of pay, in order to participate in discussions.

CLAUSE 7 INDUSTRIAL ACTION

1. Without prejudice to Clause 4, the Union and the Employer agree as follows:

• The Employer shall not lock out any Employee (save as is necessary for the security of the business or property or to protect or give protection to persons thereon) until after all the steps in the Grievances and Negotiating Procedures set down in this Agreement have been fully utilised and exhausted.

• The Union shall not call or threaten to call, authorise, support, incite, encourage, instigate or procure any strike, “Go slow", "sick out" or any other industrial action (including peaceful picketing), which falls short of a strike. the purpose or effect of which action is to interfere with or interrupt the Employer's business operations, unless all the steps in the Grievance
and Representation Procedures set down in this Agreement have been fully utilized and exhausted.

2. Specifically, the Union agrees that industrial action of the kind described and referred to in Sub-clause 1 shall not be taken against the Employer at any time whatsoever if the dispute over which such action is taken or contemplated does not directly concern the Employer and its Employees in respect of whom -the Union is recognised as bargaining agent.

3. Notwithstanding the preceding provisions of this Clause. in the event that any industrial action or picketing takes place (or is threatened), which has not, been authorised by the Union. The Union through its officers agree to act promptly and reasonably to prevent or end such industrial action or peaceful picketing (or to remove the threat of its occurrence) as the case may be, by notifying the Employees involved orally as well as in writing that such action violates or threatens to violate this Agreement and that unless such employees cease to threaten or to carry out their industrial action and resume work immediately in the normal manner, they may be liable to be disciplined (including dismissal) by the Employer.

4. Where:
   (i) The Union refuses or fails to act pursuant to Sub-clause 3. or
   (ii) The Employees fail or refuse to respond immediately to a request by the Union made orally or in writing to cease their industrial actions and resume work immediately in the normal manner, the Employees may be liable to be disciplined or summarily dismissed by the Employer.

**CLAUSE 8 UNION MEMBERSHIP**

Employment is open to either members of the Union or non-members. The Employer and the Union agree that Employees shall not be intimidated or coerced into Union membership or payment of dues. The Employer agrees not to intimidate Employees into non-membership or anti-union activities. The Employer and the Union further agree that there shall be no discrimination or coercion by reason of race, colour, religion or political beliefs.

**CLAUSE 9 PROPAGANDA AND PUBLICITY**

1. The Employer and the Union agree that neither side shall use propaganda, which causes or is likely to cause:
   - Resentment against either the Employer or the Union or individual members of either (including the Employees) because of unjust criticism and allegations.
   - Opposition to authority and discipline.

2. Except where industrial action is taken or contemplated under the terms of this Agreement. The Employer and the Union agree that releases of the information to the public of any information relating to any meetings. Negotiations or discussions, which may at any time take place between the Employer and the Union shall be done by the mutual consent of the parties.

**CLAUSE 10 INTERPRETATIONS**

Should any question arise between the parties on the interpretation of this Agreement on which there is failure to agree it shall be referred to the Labour Commissioner for conciliation.
CLAUSE 11 DURATION OF AGREEMENT

This Agreement shall come into effect on the 1st January 2003 and thereafter shall remain in force at the pleasure of the parties but may by mutual consent of both the Union and the Employer be amended from time to time. Subject to Clause 2 It shall be competent at any time for either party to terminate this Agreement by giving the other party sixty (60) days written notice of its intention to do so.

IN WITNESS WHEREOF the parties hereto through their authorised representative have affixed their signature hereunder on November 2002.

ON BEHALF OF
THE NATIONAL WORKERS MOVEMENT
NOEL C. JACKSON General Secretary

ON BEHALF OF ST. VINCENT ELECTRICITY SERVICES LIMITED
J. F. HUGGINS
Chief Executive Officer

WITNESSED BY:
PATRICIA ROBERTS SAMUEL

Labour Commissioner
MEMORANDUM OF UNDERSTANDING

This memorandum of Understanding dated is between Guyana National Industrial Company (the Company) of the first part and the Clerical and Commercial Workers Union, (the Union) of the second part.

Purpose

This Memorandum of Understanding is a Partnership agreement between the Company and the Union. It will provide the basis for ongoing relations between the parties with regard to issues having to do with the general conditions of work, and the growth and development of the Company. It will provide a Partnership for the development of new policies and practices and for the revision or scrapping of existing policies and practices, as the parties move toward greater understanding in a spirit of co-operation, cordiality and commonality leading to greater trust and confidence between the parties.

Antecedents

Recognizing that GNIC is a Company that is structured differently from most other companies, in that workers and their recognized Unions are shareholders of the Company.

Recognizing that the workers and the Unions have representation on the Board of Directors of the Company and are involved in decision making and policy making at the highest level of the Company.

Recognizing that workers are the most valuable assets of the Company.

Given that collective bargaining between Management and Unions is the established mechanism for regulating the relations between Managements and workers in industry in Guyana.

Given that collective bargaining is based on a perceived difference, if not conflict of interest between the management and the workers of the entity in which the bargaining takes place.

Given that there is legislation in Guyana regulating the relations between Unions and Companies as these are concerned with collective bargaining.

Recognizing that relations between unions and companies have to be changed, if both institutions are to survive and grow in the turbulent and viciously competitive atmosphere of globalization.

Given that GNIC is a company that is committed to exploring new ways of managing and operating its business, in the interest of all of its stakeholders and especially its workers.

The parties agree as follows:

The Company will do the following:

1. Consult with the Union on all matters of policy especially having to do with the interest and welfare of workers of the Company.
2. Be transparent in all appointments, promotions, transfers, and separations of all levels of workers and provide the Union with access to all material documentation which form the basis of decisions in identified cases.
3. Work in close collaboration with the Union in the development of a mechanism to determine wages and salaries levels and other conditions of employment affecting workers throughout the Company.
4. Truthfully and faithfully respond to verbal and written queries from the Union on matters of concern in a spirit of co-operation.
5. Set up and administer the internal Briefing System to keep workers up to date on all issues affecting
or likely to affect the welfare of workers and/or the Company.
6. Treat with deliberate seriousness all representation from the Union relating to the integrity of the working environment and health and safety of workers.
7. Consult with the Union on all issues concerning redundancy and retrenchment of workers in accordance with stipulations of existing legislation.
8. Work with the Union in providing continuous training and re-training for workers as an investment in future productivity.
9. Continuously train and upgrade management and supervisory staff in regard to appropriate technologies and particularly information technology and computer literacy.
10. Seek the assistance and support of the Union in the marketing of the Company’s products and services and in securing finance for expansion of the productive capacity of the Company.
11. Explore with the Union new and better ways of utilizing both human and material resources for greater efficiency and productivity.
12. Work with the Union for the establishment of a new work ethic in the company in keeping with the status and position of the workers as shareholders in the Company.
13. Involve the Union in lobbying Governmental and International Agencies in the interest of the Company.

The Union will do the following: -

1. Increase its level of shareholding in the Company as a demonstration of its confidence in the future of the Company.
2. Actively encourage workers at all levels to purchase shares in the Company or increase their holding of shares in the Company.
3. Contribute meaningfully to the operation of the machinery to determine and regulate wages and conditions of workers in the Company.
4. Liaise with Trade Union organizations and institutions, including the Guyana Trades Union Congress, that may have influence with Donor or Financing Agencies, in the interest of the Company.
5. Wherever and whenever possible, always to advocate/represent the interests of the Company at Local, Regional and International forums.
6. Train its staff both at the Company level and at the level of the union’s secretariat, to understand the thrust of this new relationship and to enable them to work within the context of this agreement.
7. Take all steps to ensure that conditions necessary for its continued certification under the provisions of the Trade Union Recognition Act are maintained.
8. Be in the forefront of the drive to educate workers in relation to the business of investment in shares and in understanding the Company’s financial position by analysis of the Balance Sheet and other financial information.

Guiding Principles

The Parties agree to abide by open and transparent processes, through which ideas, proposals and issues, in keeping with the provisions of this Memorandum, can be discussed and resolved, and to develop and participate in mutually beneficial partnerships and collaborative efforts to promote mutually agreeable and joint undertakings.

Jurisdiction

All activities under this Memorandum shall be undertaken in accordance with the laws of Guyana.

Dispute Settlement

Any controversy, conflict or dispute of any nature arising out of or relating to this Memorandum of Understanding, shall be settled exclusively and finally, through good faith discussions between the parties to this Memorandum.

Effective Date, Amendment and Termination

This Memorandum of Understanding comes into force on the signing of the Parties to the Memorandum, which may be amended at any time by mutual agreement between the Parties. Either party, upon three months written notice to the other party, may terminate this Memorandum.
In witness whereof the Parties have hereto agreed to set their hands to this Memorandum of Understanding on this day of in the year 2003.

Signed on behalf of Guyana National Signed on behalf of the Clerical and Industrial Company Inc.

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Commercial Workers Union

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Jamaica – Memorandum of Understanding - Bauxite Industry

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING is made the 9th day of July 1998 among the Government of Jamaica (hereinafter called “the Government”) Alcan Jamaica Company, Jamalco, Alumina Partners of Jamaica and Kaiser Bauxite Company (hereinafter called “the Companies”) the National Workers Union, the University and Allied Workers Union and the Union of Technical Administrative and Supervisory Personnel (hereinafter called “the Unions”).

WHEREAS the parties are fully committed to pursuing strategies designed to achieve fundamental transformation in employment relations, strengthening all-round co-operation in the bauxite/alumina industry and establishing a Partnership for consensus thereon; and

WHEREAS the parties recognize that in order to achieve the aforesaid objectives a mechanism must be established for collaboration and consensus building.

NOW THIS MEMORANDUM OF UNDERSTANDING WITNESSETH:

The parties jointly and severally commit themselves to upholding and accepting the undertakings mentioned hereunder.

THE GOVERNMENT OF JAMAICA

The Government will in good faith:

- Pursue appropriate macro-economic policies which will have the effect of containing inflation and providing a stable economic environment;
- Support an efficient industrial disputes resolution process involving, inter alia, early submission of claims, focused negotiations, settlement of disputes without recourse to strikes, lock-outs, sick-outs, go-slow and other like forms of industrial action, negotiations in good faith within the shortest possible time which recognize the national interest, existing laws as well as resolution procedures set out in any Collective Labour Agreement, the provision of relevant information consistent with the Fair Labour Code all within the spirit and intent of this memorandum;
- Support through appropriate measures productivity compensation schemes worked out between the Companies and the Unions that are based on viable and measurable elements. The Government shall upon receipt and review of such schemes approve the same not later than three months. The effective date of such schemes and any benefits arising hereunder shall be the date of ratification of the Memorandum;
- Provide fiscal incentives that will help to create internationally competitive opportunities for significant investment in modernization and expansion of exiting plant capacity;
- Increase investments in community projects including where appropriate social amenities to ensure greater stability in these communities;
- Create an appropriate organization consisting of all the parties to this Memorandum and the relevant communities with a view to improving company/community relations;
- Support employee involvement and consultations on company operational matters and programmes for worker education;
- Support efforts by the Companies and Unions to address matters relating to Housing, Health and Pension benefits etc.;
- Support education programmes aimed at sensitising the labour force to the importance of achieving international competitiveness in the bauxite/alumina industry.

The Companies

The Companies will in good faith:

- Continue and improve social corporate responsibility;
- Work with the Unions to develop and upgrade the skills of their respective labour force;
- Work with the Unions to complete wage negotiations within the shortest possible time and in accordance with a pre-negotiated protocol to be agreed between the Unions and the Companies within the spirit and intent of this Memorandum;
- Work expeditiously towards a co-ordinated negotiation policy among themselves;
- Collaborate with the Unions to develop programmes which are geared towards increasing productivity including labour productivity recognizing that employee involvement and acceptance will
enhance the process in the workplace;
• Conduct wage negotiations with the Unions during the next five years with a commitment to reduce total annual employment cost as of the expiration of the existing contract and as measured in United States dollars per ton as part of a total cost reduction strategy to enhance international competitiveness in the bauxite/alumina industry;
• Continue to invest in plant and equipment to sustain operations at best practice levels;
• Accelerate, and conclude studies and take decisions on investment in the modernization and expansion of existing plant capacity;
• Support an efficient industrial disputes resolution process involving, inter alia, early submission of claims, focused negotiation, settlement of disputes without recourse to strikes, lock-outs, go-slow, and other like forms of industrial action, negotiations in good faith within the shortest possible time which recognize the national interest, existing laws as well as resolution procedures set out in any Collective Labour Agreement, the provision of relevant information consistent with the Fair Labour Code all within the spirit and intent of this memorandum;
• In collaboration with the Unions address issues relating to Housing, Health and Pension benefits, etc.
• Support education programmes aimed at sensitising the labour force to the importance of achieving international competitiveness in the bauxite/alumina industry;
• Support the organization for community relations established by the Government with a view to enhancing community relations.

The Unions

The Unions will in good faith:

• Work with the Companies to develop and upgrade the skills of the labour force;
• Conduct wage negotiations with the Companies during the next five years with a commitment to reduce total annual employment cost as of the expiration of the existing contract and as measured in United States dollars per ton as part of a total cost reduction strategy to enhance international competitiveness in the bauxite/alumina industry;
• Work with the Government and the Companies within the context of a stable macro-economic environment with the medium term objective of achieving longer term wage contracts;
• Work with the Companies to complete the wage negotiations within the shortest possible time in accordance with pre-negotiation protocol to be agreed between the Unions and the Companies within the spirit and intent of this Memorandum;
• Refrain from engaging in rivalry which is detrimental to the stability of the industry;
• Support and work towards a co-ordinated wage negotiations policy among themselves in the medium term.
• Support an efficient industrial disputes resolution process involving, inter alia, early submission of claims, focused negotiations, settlement of disputes without recourse to strikes, lock-outs, sick-outs, go slow, and other like forms of industrial action, negotiations in good faith within the shortest possible time which recognize the national interest, existing laws as well as resolution procedures set out in any Collective Labour Agreement, the provision of relevant information consistent with the Fair Labour Code all within the spirit and intent of this Memorandum;
• Work with the Companies to address issues relating to Housing, Health and Pension benefits, etc.
• Develop education programmes aimed at sensitising their respective members to the importance of achieving international competitiveness in the Bauxite/alumina industry;
• The parties by signing this Memorandum affirm their commitment to achieving industry best practices in curtailing costs, in information sharing involvement, increasing production, improving productivity and operating with due regard to safety and the general environment with a view to enhancing Jamaica’s international competitiveness in the bauxite/alumina.
• The parties agree to consult each other on relevant issues as deemed necessary and to establish a committee under the auspices of the Industry Advisory Council consisting of the three parties to this Memorandum who will meet quarterly and oversee and monitor the implementation of the agreed issues.
• The parties further agree that they will after signing this Memorandum establish periodic dates for review and consultations on the various issues and use the same as a benchmark with a view to carrying forward the stated objectives.
• In the event that there is a dispute or difference between any or all of the parties relating to the terms of this Memorandum or any undertaking arising there from no party shall withdraw from the
undertakings arrived at but shall be under a duty and an obligation to consult with all the parties hereto whereupon all parties shall in good faith examine, deliberate and assess the situation and determine a suitable course of action;

- This Memorandum simply expresses the intention and understandings of the parties and is not intended to be legally binding. The parties accept that this Memorandum of Understanding sets the Partnership out of which further agreements may arise.

Section: REFERENCES (Main Sources Used)

In this appendix, the main sources used in the study are listed with brief comments. It should be noted at the outset that this report draws heavily on ILO publications as well as the sources generated by the ILO/PROMALCO project itself - especially the commissioned studies and the papers presented at two Enterprise Forum Conferences convened in January 2001 and January 2003.


Macroeconomic indicators measure the impact of the trends and developments. The ones used in this study are the series on the rate of growth of real Gross Domestic Product (GDP), the average annual rate of inflation and the unemployment rate. The UN-ECLAC publication, Selected Statistical Indicators of Caribbean Countries has data on changes in the consumer price index, the balance of payments, foreign exchange reserves, export earnings and the exchange rate. The ILO 2001-2002 volume, Key Indicators of the Labour Market, 2003, makes available up to date labour market data, including the employment/unemployment series. The impact of globalization on employment levels is of course a topic of paramount importance in a region where unemployment levels are very high. The above-mentioned sources make it possible to outline the globalization and development discourse as it relates to the Caribbean region. Also possible is the sketching of the current profiles of the economies and assessments of their performance in the 1990s.

For the section on concepts and issues, the discussion of the challenge posed by globalization is interestingly articulated in a Report of a Symposium organized by Jamaica Employers Federation/Jamaica Confederation of Trade Unions that provides useful insights into the positions of labour and management leadership in Jamaica. The report is titled Meeting Challenges of Globalization through effective Labour- Management Cooperation (July 1999). Other useful sources on this subject are: Robert L. Morris, Trade Unions and Globalization (ILO Caribbean Office, 2002), Goran Hultin, Risks and Benefits of Global Competition (A paper delivered at the Second Caribbean Enterprise Forum, 2003). A British perspective on the subject is provided by Trades Union Congress, Partners for Progress: New Unionism in the Workplace (TUC, London, 1999).

Thomas Kochan and Paul Osterman, The Mutual Gains Enterprise: Forging a Winning Partnership among Labour, Management and Government (Harvard Business School Press, 1994) is widely acknowledged as one of the seminal works from which has flowed a rich stream on the theme of the potential benefits of partnership. The stream includes a number of studies related to the Caribbean region including, Tayo Fashoyin, Fostering Economic Dialogue through Social Partnership in Barbados (ILO, Geneva, 2001) and Kieran Mulvey, Report on promotion of social dialogue in the wider Caribbean as part of the process of decentralized co-operation (ILO Caribbean Office, 1994). Other useful studies in general terms are: Anne Trebilcock, Towards social dialogue: Tripartite cooperation in national economic and social policy-making
(ILO, Geneva, 1994), which makes the useful connection with policy and Nikolai Rogovsky and Emily Sims, Corporate Success through People: Making International Labour Standards Work for You (ILO, Geneva, 2002), which focuses on the value of the human resource.

The critical and related issues of productivity, efficiency, flexibility and competitiveness are directly addressed in the Jamaica context in a study commissioned by IADB, Andrew Downes, Productivity and Competitiveness in the Jamaican Economy (Wash. D.C., 2003) and another by Ashwell Thomas, Labour-Management Partnership: A Practical Guide (ILO Caribbean Office, 2002). These are the more comprehensive examples of a large lot.

Given the focus of this study, the notion of social partnership at the national, sectoral and enterprise levels required elucidation and this was done by reference to the documents and commentaries on them. For partnership at the national level, the five social compacts for Ireland (targeting national recovery, economic and social progress, competitiveness and work, prosperity and fairness and sustaining progress, in that order) provide the ideas on partnership objectives and programmes to attain these objectives. Peadar Kirby, Macroeconomic success and social vulnerability: Lessons from Latin America from the Celtic Tiger (UN-ECLA, 2003), Thomas Turner and Joe Wallace, The Irish Model of Social Partnership: Achievements and Limitations (n.d.) and Rory O’Donnell, The Future of Social Partnership (May 2001) are three of the more informative commentaries on the Irish experience. The O’Donnell paper reviews the working of the first four compacts and considers likely future scenarios. The four Barbados Protocols (as they are labelled) provide ideas on how the circumstances of a Caribbean country requiring different kinds of targets (prices and incomes, implementation of social partnership, non-market issues) might be taken into account.

Turning to sectoral compacts, again examples of actual documents help explain the distinctions. An informative chapter titled, “The Social Partnership Option” in Caribbean Labour Relations: An Overview (ILO Caribbean Office, 2002) by S. Goolsarran lists the initiatives at constructing Partnership agreements in Caribbean administrations. From this source it can be gleaned that while there were several initiatives in the direction of constructing Partnership agreements of several kinds, not many were taken through all the stages. The example of the 1997 Memorandum of Agreement involving the companies and the trade unions in the Jamaica bauxite industry might be used as a standard against which others may be compared.


On the issue of principles underpinning Partnership agreements, the main source used in this study is an article which appeared recently in a British academic journal authored by David Guest and Antonio Peccei, “Partnership at Work,” British Journal of Industrial Relations, 39:2, 2001. In this article there is a comprehensive listing of the principles or elements, which may be regarded as essential in constructing effective enterprise Partnership agreements. The article by Tolentino referred to above was a useful supplementary source for this subject area. With minor changes to reflect the circumstances of the Caribbean region, the principles identified in these two articles were the foundation of the relevant section of the questionnaire.
Section: BIBLIOGRAPHY

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Limitations (mimeo. Dept of Personnel and Employment Relations, University of Limerick)

- UN- ECLAC. 2003. Globalization and Development (UN-ECLAC, Port of Spain)
Executive Summary

(i) Rationale and Scope of the Study

The enormous impact of new demands being placed on the role of labour in market driven and liberalised economic relations is receiving growing attention in the search for an adequate and comprehensive response by political decision-makers in most countries. Increasing competitiveness and the inevitable demands for high levels of productivity in almost every sphere of economic and social activity entail the reconceptualising of the role and repositioning of Ministries of Labour as organs of the State. Such a role-redefinition will be expected to address issues of labour as the critical defining characteristic by which human resource development becomes the strategic policy arena to advance competitiveness and productivity.

This issue is of special significance for small open economies, vulnerable to global economic shifts and possessing limited options for diversification. For the Caribbean Community, the advancement to a Single Market and Economy (CSME), with the free movement of skills and capital, will also require innovative mechanisms and resources to support restructuring of Ministries of Labour.

Such innovations, while addressing sector-specific issues for labour, are being situated within the wider context of State Modernisation. This essentially entails the role of state institutions to be more clearly focused on policy formulation, supporting the necessary enabling legal framework, building harmonious relations among the social partners and protecting human rights, in society as a whole and also, for instance, in regard to freedom of association, collective bargaining, decent work, etc.

Awareness of the need for change and modernisation has been consistently acknowledged at the highest level of decision-making in CARICOM Member States over the last five or six years. The pronouncements have not been accompanied in any significant manner by structural and organisational changes or deployment of resources to enhance research on labour productivity or to actively support the design and operationalisation of the social dialogue/social compact as an ongoing function of tripartism or multipartitism.

It is within this expanded understanding of the “modernisation” issue that the current discussion will take place. Put simply, a complementary function by ministries of labour will need to be identified whereby a facilitating role can be performed. This will enable labour to contribute in an optimum manner, not merely as a factor of production but as an essential resource by which human skills, knowledge and several ranges of expertise are endowed with the capacity, including training and organisational support, to become an indispensable means of “value-added” in the productive processes of society.

(ii) Methodology

This study was commissioned with the intention of ascertaining what concrete and tangible steps have or are being taken to achieve “modernisation” of Ministries of Labour. At the same time, it was considered helpful on the basis of current practice, resources and orientation of Ministries, to chart the guiding principles on how a strategic re-direction may be pursued to address the challenges of the global economic environment and the demands of Caribbean regionalism.

In the Terms of Reference (TOR) for the study, the scope of work indicated that specific attention should be provided to:

a. Establishing the requirements of ministries responsible for labour to be adequately equipped to respond to the challenges of the international economic system;
b. Reviewing the capacities and performance of the said Ministries with respect to organisational structure and functions, roles, responsibilities, skills profile and technical capabilities, programme planning and evaluation and level of computerisation;

c. An identification of linkages and synergy between ministries and other government agencies, the non-state actors, international institutions and related organisations; and

d. Consideration of gaps between the current and required capacities of Ministries and the strategies by which identified “gaps” can be closed.

Primary data collection within countries was limited to a few countries from which a spread of generic issues affecting Ministries could be ascertained. Account was taken of similarity in historical background of labour relations and administration in the English-speaking Caribbean and on account of a relatively different legal framework for labour policies, it was considered worthwhile to include Suriname.

Four (4) English-speaking countries were identified for field visits - Barbados, Guyana, Jamaica and Saint Lucia. Correspondence was initiated by the PROMALCO office with government ministries, trade union representatives and employers’ organisations.

From the data collected through interviews and from a review of the existing extensive information on the modernisation issue, the strategy paper has been presented to illustrate the commonalities of organisational structure, normal functions and resource capacity of ministries as currently existing in the Caribbean.

The findings of the study are indicative of new directions that ought to be pursued by which labour in general, and its administrative structures, can be empowered and enhanced to address the imperatives of a changing global economic environment.

(iii) The Context: Global and Caribbean

The rapidly changing global economic environment has drawn dramatic attention to the need to place a greater emphasis on human resources and how best they can be equipped and mobilized to encourage the development of enterprises.

Capital investments, domestic and foreign, as sources of job creation are thereby expected to address the underlying structural condition of high unemployment and underemployment in economies, such as ours in CARICOM, which vary between 12-22% of the labour force, according to Caribbean development bank (c.f. Annual Report, 2000).

On account of the current orientation of the global economy, competitiveness has become one of the main drivers of change and a key factor of enterprise development that places a high premium on productivity, greater flexibility and a mobile and well-trained workforce.

This new economic order demands that labour administration is adequately prepared to cope with an environment characterized by competition. In this regard, the State is expected to take on a new role and seek new avenues to facilitate and encourage the growth of enterprises that must now be viewed as partners rather than adversaries. Deeply ingrained perceptions of mistrust and prevailing attitudes that portray a self-serving role on the part of traditional A big business A are giving way to “partnership relations”, as promoted by ILO’s principles of genuine tripartism”.

One of the major challenges for Caribbean countries is to design systems of labour relations by which Governments can facilitate and promote the opportunities presented by globalization.

This will call for embarking on various policy innovations and practical strategies to facilitate investment and enterprise development. If such strategies are to be realized, there will be serious implications for HRD and labour relations as the ability to attract foreign direct investment will be largely contingent on the supply of a labour force with the necessary skills, knowledge and competencies needed in the 21st century organization.
Ministries of Labour: A Brief Overview

It is not uncommon for senior public sector managers of Ministries of Labour to regard their portfolio responsibilities as a “Cinderella” in the wider functioning of government’s policy on social and economic development. Well recognised as pivotal for stability of the industrial relations climate, labour is rarely regarded as deserving of a prominent source of influence in government decision-making. A redirection has begun to appear with a new understanding of the role of “non-state” and civil society actors in governance, related to sustainable human development and social equity. An exception of note is to be found in recent changes in Suriname where the role of labour is accorded a position of considerable prominence for policy advice through the National Social and Economic Council (SER) that includes representation of business.

Moreover, there is growing attention to the promotion of a social dialogue. By this means, labour, government and private enterprise, constituting the social partners, arrive at a compact, protocol or formal agreement to pursue common policies. Perhaps the most widely cited experience, in this area, among Caribbean Community (CARICOM) member states, is that of Barbados.

But even in Barbados, discussions with key labour officials reveal the need for strengthening and reconfiguration of the functions performed by the Ministry of Labour. For instance, the advances made in establishing a common framework for a sound social partnership, bring with it the demands for appropriate organisational infrastructure and competent human resources. In the day to day circumstances of how Ministries are expected to function new demands arise. As a result, activities and the responsibilities to be addressed to ensure the economic benefits of a stable industrial relations climate, maintaining a fixed exchange rate and the obligation for consultation between employers and unions prior to reduction of the labour force will require a permanent mechanism for ongoing meetings and analysis of issues as part of the social dialogue.

The significant role to be attributed to a research and planning function for Ministries of Labour requires appropriate consideration. Research entails adequate capacity and facilities for data gathering, analysis and dissemination so as to inform decision-making. This in turn assumes that the Ministry enjoys a position of centrality by virtue of the services offered.

Among services offered, beyond the traditional ones of conciliation, labour inspectorate, union registration and vocational training, there is evidence in countries of growing attention to Labour Market Information Systems, utilising modern information and communication technologies (ICTs). The case of Trinidad and Tobago, as well as Jamaica, is instructive, by its expansion of information systems beyond labour market factors to include data on education and training institutions, programmes offered and entry requirements. These are components of their National Human Resource Management Information System (NHRMIS).

In conjunction with research and planning, Ministries discharge major responsibilities for the design of, and monitoring the compliance with, labour legislation. As expected, personnel for these functions vary across countries, given the shortage of specialised legal expertise, as well as high demands for such expertise in the private sector, which can provide more attractive compensation.

As distinct from legal advisory and monitoring functions, the legal framework, both regulatory and enabling, for the role of labour in a global economy and to support regionalism, is understandably in need of updating and reform. Changing circumstances in the workplace, introduction of new technologies and the need to satisfy environmental standards, for example, require new legislation and the requisite expertise to prepare and ensure its compliance.

Ministries of Labour in CARICOM are demonstrating increasing awareness of the need for change and the indispensable role of mobilising human resources to address policy and operational processes for such changes to impact on levels of productivity and competitiveness in Caribbean economies.
In general, however, Ministries appear to be:

- under-resourced with regard to inhouse expertise to facilitate and coordinate the promotion of the social dialogue;
- deficient in equipment and trained personnel to utilise information and communication technologies for on-line, one-stop shop services on labour requirements for business development and investment promotion
- limited in research capability to investigate, analyse and advocate policy options and generate public debate on unemployment and underemployment
- without effective inter-agency linkages between ministries and departments of government which have overlapping responsibilities for human resource development
- restricted in the range of specialist skills and competencies for strategic planning and organisation development by which to optimise productivity

The above weaknesses are not restricted to government ministries/department charged with labour administration, since they are in part derived from the inherited systems of administrative bureaucracies by which the traditional civil service functioned in a rules-based, hierarchal, regulatory environment. The demands for all state agencies to be facilitators of change, service-oriented and results-focused bring with them the need for the human resources, as the primary asset of society, to realise their potential in the most meaningful and self-fulfilling manner.

To satisfy the dual purpose of regulating the industrial relations climate of society and promoting the development of human resources, labour ministries enjoy a pivotal role and responsibility in the functioning of the State. With the changing role of the State, the modernisation of Ministries of Labour becomes inevitable.

**(v) Recommendations**

Based on the findings of this study and relying on the extensive deliberations on modernisation of ministries of labour, that preceded this effort, four broad areas are suggested for action.

First, the understanding of labour ministries as governments’ agencies implies that their modernization must be situated within the wider context of state modernization or public sector reform/development and administrative restructuring.

At the heart of this issue is the imperative that the core business of each government agency must be defined with a clear mission and vision. It is more than likely that any such definition will inevitably indicate that in the performance of their core business, labour ministries will assume the functions of policy formulator, adviser and facilitator of an environment in which business and labour effectively function to produce goods and services for the development of society as a whole.

Secondly, labour ministries will be expected to define the regulatory framework for accountability and monitor compliance with labour laws. In this domain adequate research capability of multi-disciplinary teams, working in close collaboration with other government agencies, concerned with human resource development, will provide information services on requirements for investment, economic priorities, labour demand and opportunities accessible by electronic media.

Thirdly, the promotion and nurturing of industrial democracy by means of consensus building between employers and workers has assumed growing importance for small societies.

The imperatives of inclusion, genuine partnership and multipartitism between various strata, classes and interests in society place a special responsibility for a culture in the workplace that facilitates the realisation of human potential.

The coordination and monitoring of key issues by which the social dialogue is deepened and enlarged should be addressed as a core function of labour ministries.
Fourthly, the developmental and regulatory functions to be performed by labour ministries presuppose that they operated beyond an agency culture, as separate silos in the administrative apparatus of the State. Rather, it is necessary that they become learning organizations and champions of a holistic inter-agency collaborative machinery.

From the above broad thematic areas for a re-direction of the roles of Ministries of Labour, the specific requirements for skills, expertise and competencies can be explicitly defined. These are partly addressed in the Report of the Working Party on Modernisation of Labour Ministries and will be elaborated in the ensuing discussion of this study.
CONTENTS

Section : Background & Introduction: Rationale & Scope of the Study

For almost a decade, a series of events by the Caribbean Office of the International Labour Organisation (ILO) and Member States, in collaboration with labour and employers’ organisations has been indicative of concern with what has become known as the modernisation of labour ministries.

Representatives of the political directorate, on more than one occasion, recognised the central role of Ministries of Labour, as was demonstrated in 1996 at the ILO meeting of Caribbean Labour Ministers held in Trinidad and Tobago and again in 1998, at their Georgetown meeting. However, it was in April 2000 in Jamaica that more specific action was taken when Ministers appointed a Working Party with the mandate to consider the relevant reports and recommendations for the modernisation of labour ministries in the region and make suitable proposals. To avoid duplication with the prior attention given to modernisation issues but, the same time, to enable readers to benefit from the major features of previous work, it seems useful to highlight the approach and concerns addressed by the 2001 Working Party, as a point of departure for this Report.

The Working Party comprised representatives from Antigua and Barbuda, Aruba, Barbados, and Jamaica together with the Caribbean Congress of Labour (CCL), the Caribbean Employers’ Confederation (CEC), the CARICOM Secretariat and the ILO as coordinator. The Chairmanship of the Working Party was performed by Mr. Carston Simmons, Permanent Secretary, Ministry of Labour, Barbados. In September 2001, the Working Party provided a Report entitled: The Modernisation of Ministries of Labour: Options, Challenges and Strategies.

In that Report, a discussion is provided of the concept and the need for modernisation, taking into account various background papers and prior reports. Moreover, the Working Party considered as the first priority of a modernisation drive, the strengthening of traditional mandates of labour ministries (2001 Report, p.4).

Those mandates were seen as centred on:
- promoting workers’ rights;
- intervening in labour disputes;
- providing a conciliation/mediation service
- setting up and servicing arbitration tribunals;
- facilitating settlement of trade union recognition claims;
- labour and occupational safety and health policy, inspections and enforcement;
- recruitment and employment placement service;
- industrial and vocational training;
- statistical information gathering, analysis and publishing;
- promoting of international labour standards through legislation and policy; and
- tripartite collaboration and consultation.

The Working Party was particularly conscious of the need for more consensual relations as well as new forms of social dialogue at the national and enterprise level to be developed, due to the impact of globalisation and the demands for economic competitiveness. As a result, major changes were to be expected in the management of labour relations.

In this regard, the formulation of national labour policy, a critical responsibility of labour ministries, requires consultation with the social partners and coordination with other agencies. But since responsibilities for labour matters are not exclusively within the domain of labour ministries, an additional demand is placed on labour departments to keep abreast of developments across government agencies. Hence a coordinating and collaborative function for national policy formulation has become multisectoral with labour departments required to maintain closer working relations with Ministries of finance, economic planning, education, immigration, commerce, trade and industry as well as statutory agencies.

According to the Working Party, an essential task for labour ministries or labour departments is to ensure:
- proper co-ordination of the tasks and responsibilities associated with labour administration;
- state agencies act in conformity with legislation and accepted labour standards and
- evaluation, publication and dissemination of information of general interest on labour and labour market matters.

Recognising the changing role and new demands of labour ministries, the Working Party also emphasised the need for adequate financial resources and suitably qualified staff, as well as labour administration training and staff development.

The comprehensive nature of the 2001 Report is further illustrated by the attention given by the Working Party to the understanding of labour modernization in the context of the challenges of globalisation.

In such a context an expanded role of Ministries of Labour in national social and economic development was inescapable. To this end, the Working Party pointed to a mix of measures notably:

- the improvement of internal efficiency and the optimum use of existing staff and financial resources;
- the establishment of objectives and measurable targets; and
- the redefinition and expansion of the labour portfolio beyond its current orientation.

Among the priority areas identified for immediate attention at the national level were:

- adequate staffing and task descriptions;
- training and staff development;
- new methods of dispute prevention and resolution;
- strengthened authority of labour departments;
- adequate remuneration.

The above concerns address the internal organisational structures and capacity of modernized labour ministries. These concerns were even further elaborated by the Working Party in terms of a vision, mission, objectives, functions and staff positions and can be examined by the reader in the 2001 Report (see pp. 7-10).

Notwithstanding the detailed attention to those internal and operational requirements, there seems to be an additional need to advance the re-examination of the structure and facilitating role of Ministries of Labour in response to the wider context of the emerging, new understanding of the State and society, in which privatisation and deregulation policies bring to the fore unprecedented challenges for labour.

The proposed strategic framework for the modernisation of Ministries of Labour by this study will therefore focus on the macro-policy framework and institutional changes required for effective attention to human resource-oriented strategies. The imperatives that present an array of challenges with regard to labour standards and labour policy have arisen, according to Tokman, from “a transfer of traditional governmental responsibilities to the private sector and deregulation policies aimed at handing over to the market, the role previously held by the public sector in the area of resource allocation”.

With regard to resource allocation, referred to by Tokman (2001), this study will focus on those aspects of human resources linked to an understanding of labour, not merely as a factor of production, narrowly defined as if contrasted with capital and subservient to capital, but in fact as a core dimension of the human capital and embodiment of skills, knowledge and expertise indispensable for wealth creation in society.

From such a perspective, increasing competitiveness and the inevitable demands for high levels of productivity in almost every sphere of economic and social activity now entail the reconceptualising of the role and repositioning of Ministries of Labour as organs of the State. These issues of productivity and competitiveness at the enterprise level have given rise to the need for ministries of labour and the public sector, as a whole, to engage in a search for innovative mechanisms, principles and policies that encompass and adequately address human resource development strategies.

Put simply, a complementary function by ministries of labour will need to be identified whereby a facilitating role can be performed in the context of the dominant market-driven economic relations. This will enable labour to contribute in an optimum manner, as an essential resource by which human skills, knowledge and several ranges of expertise are indispensable means of “value-added” in the productive processes of society. In this regard, and particularly for small developing economies, job creation and gainful employment of the labour force become of paramount importance to counter-balance growing job insecurity and the tendencies to disregard international labour standards and fundamental labour rights. But the record shows, as in the case of Caribbean economies, persistently high levels of unemployment and under-employment continue to be a disturbing phenomenon. For instance, unemployment rates are below 12% in Belize and may be single digit (9%) in Barbados but are estimated at more than 20% of the labour force in Dominica (cf. CDB Annual
Moreover, the anxiety with which the donor community and international financial institutions have attributed the role of the engine of growth for the private sector has not been consistently supported by effective measures to strengthen the capacity of the private sector in developing economies to adequately perform that role. For this reason, initiatives to improve the policy environment for private sector development and institutionalise new forms of governance, by which social compacts promote management-labour cooperation merit analysis and discussion so that human resource development strategies can play a key role in the sustainable development of small societies.

The Report of this study will attempt to advance the understanding of the above issues within the context of the ILO's Project for the Promotion of Management-Labour Cooperation (PROMALCO), particularly from the perspective of the needs of enterprises, as clients of labour ministries. In addition, the analysis will examine ways to advance the productivity and competitive advantage of Caribbean enterprises through optimum utilisation of human resources.

The Report is presented in three sections. First will be an overview of challenges emerging from the global economic environment and implications for human resource development in general, and specifically, for labour in the changing workplace. This is followed by an analysis of prevalent organisational and operational structures in Caribbean labour ministries with a scenario for internal reorganisation required to service new demands of enterprises and promote labour productivity in a changing labour market.

In a final section, guidelines and strategies for the repositioning of Ministries of Labour and a higher profile in the context of State Modernisation are presented.

Section : Challenges of Labour in the Global Economic Environment

Globalisation compels economic actors to compete at cost lower than their competitors. With this, actors need to adjust the way in which their labour markets function and enhance the competencies needed to reposition themselves. As a result, greater competition raises issues for the Caribbean to create more flexible labour markets and upgrade the level of education and training especially of the least skilled workers.

The Caribbean has moved from being a highly protected and closed region in the economic scheme of things to one which now not only has to respond to global changes affecting its labour force but also to anticipate the challenges and opportunities which will be presented.

The opening up of Caribbean markets which were for most of their post-colonial existence protected and treated preferentially will necessitate that enterprises adopt new modes of production and distribution. Despite the region's inherent vulnerabilities and disadvantages, the new environment calls for open competition and survival of the fittest and most able.

This new dispensation will bring about fundamental changes in public administration and management. At the core of this however, is the need to ensure that labour can function adequately as one of the main constituent factors for competitive advantage.

In this regard, these unprecedented changes have influenced the way labour markets must now function. That is, a shift is taking place in how the supply of labour is able to meet the demands of a new economic order. As a result, new institutional responses are emerging, which entail considerable implications for the organisation and management of human resources. In particular, a closer link has to be established and maintained between the demands of the economy for skills in specific areas and the supply of an adequately equipped workforce. The design and introduction of Labour Market Information Systems are crucial for the achievement of this goal.

New public/private sector partnerships are being forged given the increasing role of the private sector for job creation and job security due to the pressures of global competition. This demands that Ministries take a lead role as facilitators of business.

This new economic order demands that labour administration is adequately prepared to cope with an
environment characterized by competition. In this regard, the State is expected to take on a new role and seek new avenues to facilitate and encourage the growth of enterprises which must now be viewed as clients rather than adversaries. Deeply ingrained perceptions of mistrust and prevailing attitudes that portray a self serving role on the part of traditional big business are giving way to partnership relations, as promoted by ILO’s principles of genuine tripartism.

One of the major challenges for Caribbean countries is to contemplate which system of labour relations is well suited to meet the needs of a region which has been characterized by a system that supports narrow age old functions, rather than a proactive player in ensuring that Governments are able to facilitate and promote the opportunities presented by globalization.

This will call for embarking on various policy innovations and practical strategies to promote investment and enterprise development. If such strategies are to be realized, there will be serious implications for HRD and labour relations as the ability to attract foreign direct investment will be largely contingent on the supply of a labour force with the necessary skills, knowledge and competencies needed in the 21st century organization. Moreover, the changing enterprise environment will be shaped by cross-border entrepreneurial activities and have, as a result, the need to address a multi-cultural working environment in which both management and labour should have a shared vision for enterprise development.

Section: Methodology of the Study

The Terms of Reference (TOR) for the study, indicated that specific attention should be provided to:

a. establishing the requirements of ministries responsible for labour so that the can be adequately equipped to respond to the challenges of the international economic system;

b. reviewing the capacities and performance of the said Ministries with respect to organisational structure and functions, roles, responsibilities, skills profile and technical capabilities, programme planning and evaluation and level of computerisation;

c. an identification of linkages and synergy between ministries and other government agencies, the non-state actors, international institutions and related organisations; and

d. consideration of gaps between the current and required capacities of Ministries and the strategies by which identified gaps can be closed.

Consistent with the TOR, the consultants utilised a multi-phased approach whereby it was possible to optimise access to the already existing work on modernisation of ministries. Correspondence was initiated with labour officials requesting pertinent background information and simultaneously a review of the relevant literature was undertaken. In combination with that review, specifically addressing modernisation strategies, the consultants acquainted themselves with the contextual issues affecting the role of labour in the global economic environment and their implications for the Caribbean.

With a limited budget for primary data collection within countries, it was only possible to undertake visits to a few countries from which a spread of generic issues affecting Ministries could be ascertained. Account was taken of similarity in historical background of labour relations and administration in the English-speaking Caribbean and on account of a relatively different legal framework for labour policies, it was considered worthwhile to include Suriname.

Four (4) English-speaking countries were identified for field visits - Barbados, Guyana, Jamaica and Saint Lucia. Correspondence was initiated by the PROMALCO office with government ministries, trade union representatives and employers organisations. Requests were made for relevant background information on the structure of ministries, strategic planning and reorganisational plans that may be underway or envisaged and any mechanisms established to promote dialogue and action among the social partners.

A schedule of field visits was prepared with mutual agreement and to the convenience of the consultants and liaison persons in government, unions and private sector. Meetings were held in Barbados, Jamaica, Trinidad and Tobago and Suriname. (A list of persons consulted is shown in an Annex). A visit to Saint Lucia had to be rescheduled on account of national elections, which were held on December 3, 2001 but subsequent correspondence provided useful information on the structure, composition and functions of labour officials.

A significant source of information and insights was derived from the participation of one of the consultants at a regional meeting on Caribbean Labour Administration in Antigua and Barbuda from September 25 - 29,
Secondary sources were also identified from countries that could not be visited. From the data collected through interviews and from a review of the existing extensive information on the modernization issue, the strategy paper has been presented to illustrate the commonalities of organisational structure, normal functions and resource capacity of ministries as currently existing in the Caribbean. In conducting this study, background documents were reviewed and interviews held with informed persons in Ministries of Labour, Employers’ Associations and Unions.

Although formal structured questionnaires were not utilised, the line of enquiry with the various respondents followed a general pattern. The general thrust of questions enable the consultants to ascertain the principal roles, responsibilities and functions currently performed by the ministries/departments of labour. The composition, structure and skills sets were also established. Two other features were enquired for information. The status of strategic planning and performance management/assessment of core functions and projections or proposals on the extent to which changes may have been envisaged.

A final issue addressed in the interviews centred on the approach to and modalities by which social partnerships or tripartite relations, were maintained and with what effect. In this regard the level of political and administrative commitment as perceived by the various stakeholders, was rigorously examined.

This information is provided as the traditional contextual background on the main emphases that are pursued by which labour ministries in general. In addition, the prospective directions for ministries to be empowered and enhanced to address the imperatives of a changing global economic environment are also presented.

Section: Ministries of Labour in the Contemporary Caribbean: An Overview

In the course of conducting this review, it was generally observed that senior public sector managers of Ministries of Labour regard their portfolio responsibilities as a Cinderella in the wider functioning of government’s policy on social and economic development. Well recognised as pivotal for stability of the industrial relations climate, labour is rarely regarded as deserving of a prominent source of influence in government decision-making.

An initiative that merits consideration is to be found in recent changes in Suriname where the role of labour is accorded a position of considerable prominence with the establishment of a National Social and Economic Council (SER) that offers policy advice and engages the political directorate in regular dialogue on matters of national interest. The view of business and labour are accorded equal treatment in promoting economic development, which requires a level of macro-economic stability and an industrial relations climate favourable to management - labour cooperation.

Concern for such a view has become quite widespread in Caribbean Societies, with the growing attention to the promotion of a social dialogue. By this means, labour, government and private enterprise, constituting the social partners, arrive at a compact, protocol or formal agreement to pursue common policies. Perhaps the most widely cited experience, in this area, among Caribbean Community (CARICOM) member states, is that of Barbados.

But even in Barbados, discussions with key labour officials revealed the need for strengthening and reconfiguration of the functions performed by the Ministry of Labour. For instance, the advances made in establishing a common framework for a sound social partnership, bring with it the demands for appropriate organisational infrastructure and competent human resources. Such an infrastructure will include a Unit or secretariat within or closely associated with the Ministry. Examples of similar organizational units can be found in the establishment of a “labour exchange bureau” or employment placement bureaus, which have been in existence for some time in several countries. The appropriate level and type of competence staff required to give effect to the “social partnership approach” should be drawn from persons trained in participatory and facilitating methodologies, disposed to building coalitions and alliances outside of narrow functional or sectarian interests. This implies the ability to work with groups in shaping common policy directions that embrace government, business, unions and other organs of civil society in ways that advance industrial democracy. Training of such cadres in “labour studies”, broadly understood, will be a distinct advantage.

In the day to day circumstances of how Ministries will be expected to function new demands inevitably arise. As a result, activities and the responsibilities to be addressed to ensure the economic benefits of
a stable industrial relations climate, to maintain a fixed exchange rate and the obligation for consultation between employers and unions, before the reduction of the labour force, as prescribed by Protocols of the Social Partners, will require analytical and systematic attention through regular meetings and consultations on issues as part of the social dialogue.

Such mechanisms and the requisite competencies suggest that Ministries serve as a coordinating secretariat for convening of working sessions, and reporting as well as monitoring the outputs of decisions taken by the social partners. Similarly, and of greater significance is the need for policy analysis and impact assessment of the consequences of policies or proposed legislation on the role of labour in the ever-changing global, regional and national environment. Examples of key competencies that should be reflected in ministries charged with advancing new modes of decision-making and policy formulation by involvement of the social partners will consist of: organization ability and skills in facilitating consultative processes; expertise in programme monitoring and evaluation; knowledge and experience in public policy analysis and impact assessment.

The kinds of challenges and new demands referred to above, indicate a gap between the traditional activities of labour ministries and changes required for “modernization” of structure, roles, responsibilities and current competency profiles in ministries. As will be illustrated subsequently, the current, dominant demands made for performance of “traditional” functions in contrast to alternative features required for an expansion into “modern” roles continue to absorb a greater proportion of personnel time in ministries, as was frequently reported in the course of this study.

There is ample evidence of prior studies that depict the generic kinds of operations undertaken in the conventional roles and proposals on the nature and scope of the “requirements and challenges” that should be addressed by CARICOM Member States.5

While many readers may be familiar with the general and frequently-cited needs of labour ministries, it useful to highlight these from the perspective of structural reforms of public administrative systems and indicate the implications for facilitating human resource-oriented strategies.

At the outset, the basic requirement is one of a redefinition of role. Since the role of the State has been inevitably modified under the pressure of the twin forces of globalisation and trade liberalisation resulting in market-driven, neo-liberal economic relations, the dominant command and control function of the entire state apparatus has been almost completely displaced. As a consequence, a ministry or department of labour, as an important arm of the administrative apparatus cannot effectively continue to pursue its traditional role. Or to put it differently, if the traditional role is pursued, it will do so at the cost of being irrelevant and ineffective.

This was the underlying awareness expressed at the Caribbean Labour Ministers Meeting in Jamaica in April 2000 by the ILO, through its Caribbean Director, when it was asserted that: internal management strategies and practices, long associated with the civil service culture, will need modernising to reach the high performance, efficiency driven and target oriented organisational transition required.

A fundamental change in the role of labour ministries is recognised to entail the gradual movement away from a tradition and social concentration on the dual yet core function of managing labour relations and ensuring social protection. This must therefore give way to vigorous labour market planning, using active labour market policies to promote equilibrium between labour demand and supply. (ibid.)

Our observations indicated that in the case of most labour ministries the traditional demands of managing labour relations, attending to conciliation and mediation, conducting inspectorates, monitoring labour standards and reporting thereon, received predominant attention of labour officials. The deployment and use of the limited trained labour personnel remained heavily concentrated on traditional functions.

In the present circumstances, day to day demands of labour administration on already under resourced, technically qualified personnel in labour matters, were disproportionately biased in the observance the administrative and regulatory tasks of Convention 150 and Recommendation 158 at the expense of policy formulation and participation in national manpower planning and investment initiatives.7 The question arises therefore as to whether or not technical policy issues and technical labour administration matters cannot be more distinctly separated from general administrative management functions.
The “competences and capacities” should be utilised in an optimum manner without having specialised labour policy and administration personnel spending a disproportionate amount of time and energy on primarily general managerial administrative and, in some cases, glorified clerical functions such as leave approvals, vehicular availability and upkeep, etc.

This study concurs with the ILO’s concern that while competencies and capacities are in sync with the traditional policy priorities (labour relations and social protection), there is a gap between the competencies and capacities found at the Ministries and what is required to mount a challenge in the newer domain of employment and labour market policies (See Working Document, p.12).

The perception on the challenge in the newer domain must also link employment and labour market policies to promotion of an enabling environment for investment as a means of providing decent work, with adequate attention to enhancing productivity by means of suitable incentives. These are all elements for facilitating appropriate human resource-oriented strategies. The latter is the central issue of this paper and the implications for which will be discussed in the next section.

However, prior to that discussion, it may be necessary to revert to the earlier remark on distinguishing functions of labour policy and administration from general administrative functions since this has implications for operations and organisational structure of labour departments.

In our view, it seems worthwhile to pose a question on the kinds of recommendations proposed for “new functions/demands/challenges” and a required structure and resources for modernized departments, as proposed in the case of St. Vincent and the Grenadines.8

Acknowledging there are limited resources, particularly in regard to suitably qualified human resources with specialised competencies for the new demands, which must primarily address the areas of integrated human resource development and strategic alliances with the social partners, it seems necessary to more sharply focus the role and responsibilities of a labour commissioner. For instance, these may be better centred on policy advisory functions and for the development of corporate synergies. These will include collaboration with other senior public management officials so as to address cross-cutting, inter-ministerial tasks, as well as to network with trade unions, private enterprise and regional counterparts. As a result, ministries of labour will be integrally involved in a process of building strategic partnerships for management labour cooperation in support of improved productivity and competitiveness through more effective and efficient use of human resources.

These tasks require a separation of functions and the allocation of general administrative responsibilities, as is usually done for personnel management, to persons other than a Labour Commissioner or Deputy Labour Commissioner. The implications of this in generic terms will enable ministries of labour to be the beneficiaries of standard management principles that provide for policy, operational and administrative functional units. By this means, such tasks as management supervision and appraisal of staff are placed in the administrative units and specialised skills, experience and expertise more efficiently placed in Policy and Operational Units. To put it differently, the most competent and experienced neurosurgeon can more effectively optimise specialised knowledge not as a hospital administrator but in charge of teams of surgeons!

The tendency has persisted in many government agencies that Chief Policy Advisers with specialised technical competencies are made to assume administrative managerial functions, for which they may be ill-disposed and ill-equipped, not to mention inefficiently and ineffectively utilised.

Given the growing awareness on the part of policy-makers and officials for labour administrations to be modernised, the linkages between conceptions of the role of labour and organisational changes are extremely pertinent. Taken from a broad perspective, many initiatives on the changing role of labour and the associated concomitant functions of labour departments can be noted and these will entail the shape of “new” ministries.

An attempt to portray an indicative profile of contrasting features between the conventional and “modern” functions is shown in Table 1 below. Although these features are not mutually exclusive they illustrate core functions that provide a distinguishing characteristic of the duties performed or to be performed with the requisite skills in Ministries of Labour. A shift to the new emphases will be expected to facilitate a structural reorganization by which to meet the demands of human resource-oriented strategies in national and regional economies.
Traditional practice centered on: | New demands for:
---|---
Labour Administration, mainly conciliation, mediation, compliance with labour legislation | Observance of international labour standards, promotion of decent work, attention to HIV/AIDS in the workplace
Development and advisory services on labor legislation | Revision of labour laws and expansion for attention of occupational safety and health, protection of growing number of non-unionised workers
Promoting industrial peace and stable industrial relations | Active promotion of industrial democracy, social partnerships, national productivity, etc
Regional and international reporting through labour surveys, etc | Compliance with international conventions, identification of “best practices” for international adoption
Research for manpower planning and labour market information | Research studies and strategic planning on human resource development, with related government departments; assessing impact of globalisation; incentives for investment and competitiveness not abusive of labour
Employment, training and job placement (labour exchange bureau; seasonal farm work, etc.) | Linkages with national, regional, international training institutions for skills enhancement; one-stop-shop and on-line access to job opportunities.

Section : Repositioning of Ministries of Labour

Acknowledging the need for change, initiatives aimed at the modernisation of ministries have been pursued in the following areas:

1. **Review of labour legislation.** This entails concern for employment rights as in Barbados as well as severance and termination of employment (Guyana) and social protection. Attention to technological changes and the application of standards with regard to safety and health are also being addressed in model labour legislation being promoted within the Caribbean Community (CARICOM).

2. **Skills development for knowledge-based economies.** In this regard, technical and vocational training with much emphasis on information technology skills has been frequently cited by ministries (Barbados, Jamaica, Saint Lucia and Suriname).

3. **Applications of ICTs to Labour Market Systems.** The design and development of Labour Market Information Systems with internet-based applications are receiving growing attention as information and communication technologies (ICTs) are a main feature of operations by ministries. Both in terms of improving access to information on opportunities in the labour market and to upgrade efficiencies within ministries by computerisation for record-keeping, data analysis and report preparation, the scope for ICT applications in the modernisation process is well underway in several Caribbean Countries.

4. **Promotion of social dialogue.** The considerable potential and growing need to overcome adversarial labour relations in order to advance productivity at enterprise and sectoral levels have been a strong impetus for the promotion of collaborative and strategic partnerships among governments and the social partners. Efforts in almost all countries have been undertaken but with varying levels of impact. The complexity of issues and divergent interests of management, labour, the political directorate and financial institutions are proving to require skillful handling and the strengthening of a share vision that includes economic growth with good governance, equity and social justice. Inherent challenges in the social dialogue are increasingly growing rise to new tensions in society.

5. **Enhanced policy research and planning capacity.** There is widespread consensus on the expansion of the role of labour in the economy and the demands for labour administration systems to be responsive to the dominant market forces that shape economic relations in society. This necessitates the analysis and understanding of the political economy and social effects of development policies which increasingly tend to be favourable to capital investment at the expense of labour. Informed decision-making on national policy or specifically, for the measurement of productivity and to determine equitable means by which to share economic benefits, or burdens,
requires on-going data collection and analysis. Some of this may of necessity require collaboration by ministries with research agencies in universities and elsewhere. Moreover, to effectively serve as a secretariat for advancing the social dialogue and strengthening the social compact, ministries must be recognised as reliable services of objective data to earn the credibility of an unbiased agent in discussions with unions and private enterprise for policy formulation, the resolving of conflict or promotion of productivity bargaining.

The above thematic areas can be considered as the core elements of a strategic framework for the repositioning of ministries. In order to effectively respond to the challenges of the global economic environment in which Caribbean and other developing societies must attempt to realise the potential of their human resources, it has been argued that labour productivity must be increased significantly.

For this to be achieved, skills must be enhanced, technical and vocational training promoted on a systematic basis and technologies utilised for access to information and new knowledge areas and work processes. In addition, the rigidities of labour market segmentation must be removed and accelerated access to job opportunities provided by labour market information systems, with a match of labour demand and supply that is highly efficient.

The role of labour will thus be redefined from being perceived as a marginal factor of production to become an essential productive resource as the embodiment of knowledge and skills which are indispensable to enhance competitiveness and productivity at the enterprise level. A redefined role in society necessitates the reform, or conveniently designated modernisation, of the administrative apparatus of the State. The focus of which, for labour matters, will be formulation of national policy, regulatory and legal mechanisms and other institutional arrangements for a conducive ethos and organisational culture so that labour administration systems can facilitate productivity.

By such administrative and institutional arrangements, labour interests become more interactive on cross-cutting issues, and can bridge gaps with traditionally compartmentalised and sometimes competing government bureaucratic agencies, concerned with finance, health, business development, economic planning, education and social security. All of which have direct impact on labour and human resource management and development.

With in the above strategic framework, ministries of labour can be repositioned to become demand-driven, service-oriented, pro-active and facilitating instruments for the institutionalisation of productivity and competitiveness throughout the workplace.

Although the awareness for such a vision to be realised was evident in the course of undertaking this study, the following limiting factors, both structural and behavioural in nature, were found to characterise the prevailing situation of ministries of labour:

- an absence of effective inter-agency linkages between ministries and departments of government, which have overlapping responsibilities for human resource development. On the demand side, both in the productive and services’ sectors of the economy, the needs for personnel at various levels to work with agriculture or in promoting tourism in new areas, for instance, should be the subject of discussions and needs analyses for manpower planning in junction with ministries of labour. Similarly, close working relations with labour and providers of technical and vocational training will enable employment bureaux to better match job vacancies and available skills. Of great significance will be linkages between agencies promoting investment, those issuing work permits and labour ministries.

- a shortage in the range of specialist skills and competencies for strategic planning and organisation development by which to optimise productivity. Understandably, the demands of a changing external environment, now increasingly driven by the needs of economic competitiveness, will place considerable pressures on labour ministries to adjust and re-examine their mission and mandate. In such circumstances, the range of specialist skills, previously appropriate for the satisfaction of statutory duties in keeping with labour codes of a pre-globalisation era, can not be expected to effectively address the “new” situation. Therefore, the number and types of expertise now needed will have to assume a profile and mix, which are adequate for ministries to become demand-driven, service-oriented and able to facilitate improved productivity in the workplace. Personnel should possess the relevant knowledge and experience in areas such as change management, performance management, productivity economics and systems analysis.

- limited research capability to investigate, analyse and advocate policy options and generate public debate on unemployment and underemployment. The research tasks to be undertaken by
modernized ministries will support their redefined mission and strategic objectives in ways that allow internal customers to be informed and apprised with adequate knowledge of the changing workplace, displaying diversity of gender, ethnicity, age and lifestyles. At the same time, external customers, particularly policy makers will receive the needed support for better-informed decision making on the complex issues of productivity, competitiveness, decent work and standards that respect human rights.

- a deficiency in the availability and deployment of inhouse expertise to facilitate and coordinate the promotion of the social dialogue; and the ability to engage in mediating activities among public and private sector organisations, as well as structured relations with regional organisations such as the Caribbean Congress of Labour and the Caribbean Employers’ Federation.
- a lack of equipment and trained personnel to utilise information and communication technologies for on-line, one-stop shop services on labour requirements for business development and investment promotion

The above weaknesses are not restricted to government ministries/department charged with labour administration, since they are in part derived from the inherited systems of administrative bureaucracies by which the traditional civil service functioned in rules-based, hierarchal, regulatory environments. The demands for all state agencies to be facilitators of change, service-oriented and results-focused bring with them the need for the human resources, as the primary asset of society, to realise their potential in the most meaningful and self-fulfilling manner.

To satisfy the dual purpose of regulating the industrial relations climate of society and promoting the development of human resources, labour ministries enjoy a pivotal role and responsibility in the functioning of the State. With the changing role of the State, the modernisation of Ministries of Labour becomes inevitable.

According to Goolsarran (2000):

It is the responsibility of the labour ministry to promote the development and application of sound labour and employment policies. As the principal advocate of the labour force, the labour ministry must be equipped with adequate resources, including a cadre of competent and suitably qualified staff and advisers to enable them to effectively discharge labour administration and its technical and advisory services.

**Conclusions and Recommendations**

Based on the findings of this study and relying on the extensive deliberations on modernisation of ministries of labour, that preceded this effort, the following broad areas are suggested for action.

First, the understanding of labour ministries as a government agency implies that their modernization must be situated within the wider context of state modernization or public sector reform/development and administrative restructuring.

At the heart of this issue is the imperative that the core business of each government agency must be defined with a clear mission and vision. It is more than likely that any such definition will inevitably indicate that in the performance of their core business, labour ministries will assume the functions of policy formulator, adviser and facilitator of an environment in which business and labour effectively function to produce goods and services for the development of society as a whole.

Secondly, labour ministries will be expected to define the regulatory framework for accountability and monitor compliance with labour laws. In this domain adequate capability of multi-disciplinary teams, working in close collaboration with other government agencies, concerned with human resource development will provide information services on requirements for investment, economic priorities, labour demand and job opportunities accessible by electronic media.

Thirdly, the promotion and nurturing of industrial democracy by means of consensus building between employers and workers has assumed growing importance for small societies. The imperatives of inclusion, genuine partnership and multipartitism between various strata, classes and interests in society place a special responsibility for a culture in the workplace that facilitates the realisation of human potential. Moreover, explicit account has to be taken of increasing diversity in the workplace in regard to gender, ethnicity, race and homosexuality, for instance; and the prevalence of HIV/AIDS, which
need better education and counselling systems to deal with employee relations.

The coordination and monitoring of key issues by which the social dialogue is deepened and enlarged should be addressed as a core function of labour ministries.

Fourthly, the developmental and regulatory functions to be performed by labour ministries presuppose that they operated beyond an agency culture, as separate silos in the administrative apparatus of the State. Rather, it is necessary that they become learning organisations and champions of a holistic inter-agency collaborative machinery.

Fifthly, but must importantly, it is recommended that the concept of decent work should be placed at the forefront of all discussions and plans for the Modernisation of Labour Ministries - however constituted.

It is our view that the increasing importance that is being placed on the provision of Decent Work as a RIGHT in the workplace makes the Ministry of Labour a pivotal player. Such attention re-emphasises the importance of Convention No. 81 - described as the most important international instrument in the field of labour advocacy. For it is one thing to trumpet the importance of providing decent work, but it is another to actually provide it, or to pay more than lip service to its provision. Hence the requisite monitoring mechanism must be provided and enforced by an institution apart from the key players themselves - employer and employee representative. A Labour Inspectorate staffed by top quality officials is a “must” in such circumstances.

As a consequence of the foregoing we wish to draw more than passing attention to the Report of the Director-General at the 1999, 87th Session of the International Labour Conference - captioned Decent Work.

The opening paragraph of the Preface states:

“This Report proposes a primary goal for the ILO in this period of global transition - securing decent work for women and men everywhere. It is the most widespread need, shared by people, families and communities in every society, and at all levels of development. Decent work is a global demand today, confronting political and business leadership worldwide. Much of our common future depends on how we meet this challenge.”(emphasis added)

And in a most thought provoking section, the Report refers to “strategies for Governments” with regard to labour policies in this way:

Just as employers’ and workers’ organisations have to deal with a new world of work, so do governments. Traditionally the ILO’s government partner has been the ministry of labour. Here too, however, the situation has become more complex. Over the years, the position of ministries responsible for labour has been changing. Many ministries of labour now have relatively narrow areas of responsibility and, when it comes to broader issues of economic and social policy, their voices are often not heard. Indeed, many countries no longer have a ministry of labour at all; employment and labour affairs are handled through a unit that might address such related issues as competitiveness, enterprise development or gender. Government policy also has an impact on workers and employers through many other ministries, particularly those of finance, industry or planning.

In these circumstances, the ILO has to be involved with several government partners to encourage a more coherent and integrated set of labour policies. In the case of labour authorities, the ILO has to help them use their limited resources to best effect, whether for encouraging social dialogue, for resolving labour disputes, or for exploring new ways of organising labour inspection.

The State is also a large employer and itself engages in social dialogue and industrial relations, by consulting and bargaining with organisations that represent its own employees. Periods of structural adjustment and transition have raised many difficult issues that are best addressed by negotiation and consultation. The ILO can support these efforts through balanced advisory services to administrations and public sector trade unions, helping them with bargaining techniques, dispute prevention and resolution, and participatory restructuring. Similarly, the ILO can continue to track privatisation efforts, discovering best practices that involve effective social dialogue.(end of quote)

By such a comprehensive overview of a vision of “modernised” labour ministries, the critical importance of optimising the human resources of society and labour in particular, has been lucidly portrayed.

While those observations contain enormous generic applicability at the global level, they also carry
tremendous significance for Caribbean societies. Both within the framework of a CARICOM Single Market and Economy (CSME), built on the pillars of free movement of labour and of capital, as well as beyond to the wider Caribbean, the implications of those remarks deserve decisive policy decisions to enable labour and ministries of labour, repositioned and reshaped, to fulfill once again, an historic mission in the transformation of Caribbean societies.

Section : The Way Forward: Toward a Plan of Action

In light of the preceding discussion, a brief outline is provided of some basic actions that should be taken in charting a “way forward” by which to realise the modernisation and structural reorganisation of Ministries of Labour in the contemporary Caribbean. Four basic steps will merit consideration:

i. a retreat and visioning-exercise for strategic directions;
ii. a performance management audit;
iii. a briefing document for a policy directive; and
iv. information systems and facilities.

At the outset, ministries should engage in an in-house retreat. The benefit of an external facilitator should be considered since this enables open and honest self-criticism and the deflection of blame away from personalities and colleagues with whom there may be long standing differences. Such a retreat can encompass a “visioning” exercise which results in a restatement of a mission, vision, core values and strategic direction for the ministry as a team of professionals dedicated to accomplishing goals that have been agreed upon by all members of staff.

Within a framework of strategic objectives, it will be important to conduct a performance management audit of all posts. By this means, an objective assessment of the tasks being performed and their effectiveness in contributing to the stated goals of the ministry will be determined. On the basis of objective criteria, it will then be possible to assess the relative importance and justification for the continuation or otherwise of specific tasks/positions and incumbents.

Subsequent actions in the process of modernisation should entail the preparation of a position paper outlining the new configuration of posts, size and requisite skills to be obtained in order to overcome the identified gaps and satisfy the functions of a “modernised” entity.

Accompanying the human resource requirements will be the organisational infrastructure of Information and Communication Technologies (ICTs) for an appropriate management information system and the necessary equipment and facilities for the realisation of optimum performance.

By means of the above measures, a paradigm of “modernisation and transformation” would have been articulated, the desired level of performance recognised and the human and technological resources provided, as the means by which expected outcomes should be achieved.

In summary, a process of modernisation would have been initiated and the basis has been established against which the attainment of key performance indicators can be measured. Modernisation of labour ministries, both in theory and practice, would have been engendered as a living reality.

Beyond conceptualisation and outputs of Working Groups, on this important issue, this Report is aimed at assisting with a “vision” of change to be turned into the basic steps for action and hopefully a tangible expression by which Ministries of Labour will significantly contribute to the development of human resources in the Caribbean.
Annex 1
Persons consulted on Modernisation of Labour Ministries

1. Mr. Carston Simmons, Permanent Secretary, Ministry of Labour, Sports an Public Sector Reform, Barbados
2. Mrs. Edla Lowe, Chief Labour Officer, Barbados
3. Mr. D. Burnett, Deputy Chief Labour Officer, Barbados
4. Mr. Robert Morris, Deputy General Secretary, Barbados Workers Union
5. Senator Leroy Trotman, President, Congress of Trade Unions and Staff
6. Senator Branston Collymore, former Head of the Civil Service, Barbados
7. Mr. Grey Forde, retired Permanent Secretary and former Chief Labour Officer
8. Mr. Wendell Kellman, Executive Director, Barbados Small Business Association
9. Mr. Rushworth Smith, Permanent Secretary, Ministry of Labour and Social Security, Jamaica
10. Mr. Anthony Irons, Special Adviser to the Minister of Labour, Jamaica
11. Mr. Lloyd Goodleigh, President, Caribbean Congress of Labour
12. Mr. Herbert Lewis, President, Jamaica Employers Federation
13. Mrs. Jacqueline Lloyd, Director, Jamaica Employers Federation
14. Mr. Marcel Meyer, President, Suriname Trade and Industry Association and Chairman, Caribbean Employers’ Confederation
15. Mr. F.A. Waterberg, Secretary General Road Vakcentrales in Suriname (RAVAKSUR)
16. Ms. Yolanda Souprayen - Yorks, General Secretary, Progressive Trade Union Federation of Suriname
17. Mr. P.E. Anthonius, Permanent Secretary, Ministry of Labour, Technology and Development, Suriname
18. Mr. J.L. Belfor, Deputy Secretary, Legal and International Affairs, Ministry of Labour, Technology and Development, Suriname
19. Ms. Linda Besson, Executive Director, Employers’ Consultative Association of Trinidad & Tobago
20. Mr. Selby Brathwaite, Ag. Director of Labour Administration, Ministry of Labour, Manpower Development and Industrial Relations, Trinidad & Tobago

Annex 2:
References

This paper is one in a series of products which the International labour Organizations’ Sub Regional Office for the Caribbean Office has developed through its Programme for the Promotion of Management-Labour Cooperation (PROMALCO). This is a work in progress.

PROMALCO operates on the fundamental principle of partnership. Further we believe that while we may develop research projects and commission or write studies it is important for us to ensure that the work is relevant and useful to its end-users in terms of format, presentation, emphasis and content.

As such, we first commissioned this paper in order to compile strong evidence displaying the benefits from following the high road approach. Therefore, the case studies represent a substantial segment of this paper. It is an attempt to reassure the social partners of the region that there are tangible benefits from pursuing such a strategy as well as to demonstrate the applicability of this approach across a range of operating environments, institutional and ownership structures and types of economic activity.

The high road approach is integral to the work of ILO/PROMALCO given its emphasis on innovation and human resource development and the contribution to increased productivity and international competitiveness. It was thought that research coupled with real life examples would demonstrate the usefulness and practicality of the high road approach.

We therefore encourage comments on this paper. Accordingly we have attached an evaluation and comment form which we invite you to complete and return to us. If you prefer, you may complete the evaluation form online at www.promalco.org.

Mr. Osborne Nurse, a management consultant from Trinidad and Tobago, completed the initial research for the case studies. Dr. Joan Nwaskie of Guyana did the initial research for Banks DIH and Demerara Distillers Limited (DDL). For the purposes of the research the consultants interviewed management representatives of the respective companies and where possible the recognised unions. The information on DDL was considerably enhanced by a detailed presentation from Mr. Norang Persaud, Human Resources Director at DDL.

Dr. Joseph Prokopenko, former member of staff of the International Labour Organization and internationally recognised expert in productivity improvement and measurement and now an International Management Consultant based in France provided very useful and extensive comments which have in the most part been incorporated into the product.

André-Vincent Henry and Shane Kissoon of the PROMALCO Team, with input from the Sub Regional Office for Caribbean, were responsible for editing the case studies and updating some of the information.

Every effort was made to verify information given to us. We therefore encourage representatives of the enterprises whose stories we tell, to advise us of any errors which may have entered our analysis.

André-Vincent Henry  
Project Director  
Programme for the Promotion of Management-Labour Cooperation  
Port of Spain  

Section: Introduction

A. Purpose

The purpose of these case studies is to examine the strategies which have been used by enterprises in the Caribbean to adjust to the new realities of the global marketplace. What has emerged is that these strategies correspond with ILO standards such as the core International Labour Standards embodied in the Declaration on the Fundamental Principles and Rights at Work; and the concept Decent Work, the standards relating to human resource development and collaboration at the level of the enterprise. We find that these standards are not inconsistent with successful business development. Indeed, the ILO suggests that businesses will increase the likelihood of their success in the long run, and sustain high levels of productivity and competitiveness if they adopt business strategies that support and implement the ILO principles.

This approach has been labelled “The High Road” of business strategy. The High Road approach can be defined as “Competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization, labor-management co-operation and enhanced capacity to adapt to constantly changing economic environment. This approach envisages the adoption by business enterprises of techniques of strategic management, environmental management and protection and strategic human resource management.

The strategic management approach causes organisations to focus on their Vision and Mission and to define, implement and monitor the strategies and tactics that will enable them to be increasingly more productive and profitable. The emphasis on the role of strategic human resource management begins to uniquely identify the high road approach.

The strategic human resource management concept seeks to elevate the human resources of an enterprise to the status of a “human asset” or as “human capital” rather than disposable factor of production. It thereby invokes the requirement to upgrade, maintain and improve the productivity of the asset by the application of techniques and technologies of human resource management that would maximize the productivity of this resource.

These studies were designed to examine practice in the Caribbean in order to illustrate the following:
1. The High Road and the philosophy behind it are applicable to the range of enterprises found in the Caribbean as appropriate and beneficial business strategies to face the multi-faceted challenges presented by globalisation and trade liberalisation.
2. Enterprises in the Caribbean have been able to craft strategies that take into account the general environment as well as their own unique circumstances. This should have an empowering impact that solutions and responses are not beyond the capacity and competencies of Caribbean management and labour.
3. The menu and range of options and tools that are available are applicable over a wide range of experiences and circumstances.
4. Some lessons of good practice that can be followed and some pitfalls that should be avoided.

Our approach therefore was to determine from the companies the business challenges that they faced and to elicit a discussion on the business strategies that they adopted, while focussing specifically on those strategies that fall in the realm of strategic human resource management and development.

Based on the company information, we then match the strategies that are in concert with, or founded upon the ILO principles and that are conducive to enterprise success. One could also draw the conclusion that ILO principles are in fact imbedded in good corporate practice that make business sense.

One important factor to bear in mind in looking at these cases is the fluidity of the business at the start of the twenty-first century. In this regard, it is important to note that many of the business challenges faced by companies and the required solutions are within the competence of creative action by the firm. These are the factors over which the enterprise (its management, its workers and their representatives) have control and are thus open to deliberate and explicit creative actions.

From this it is evident that even with the adherence to best practices in this area the enterprise is still exposed to external impacts related to the domestic (and increasingly) the international environment.
Secondly, while the areas identified all contribute to High Road, it is possible for companies to be performing well in one area, even establishing benchmarks, and to be not doing as well in other areas. In keeping with expectations companies will address the challenges which they find to be most pressing. One of the strengths of these case studies is that they address a range of these issues and provide different approaches to dealing with them. The case studies therefore provide a menu of options for enterprises.

Third, companies can be at different points on the High Road. The international economic environment demands constant change and adaptation by companies and calls for continuous improvement. In this regard the High Road does not end. We found that one of the benefits of the highlighted companies is that while they may not be benchmarks they serve to encourage other enterprises to take the first steps.

It is important to note that, in light of the foregoing, it is possible for enterprises to be on the high road but still experience difficulties. This is because, as we noted above, an enterprise, while it may have the most appropriate internal alignment, can never fully insulate itself from its external environment. Accordingly, the case studies do not seek to make the claim that companies on the high road must survive. Rather we argue that following the high road will not affect the enterprise adversely and will definitely increase its potential for productivity, international competitiveness, profitability and sustainability.

In as much as the case studies represent strategies that could and should be implemented being those based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization, labor-management co-operation and enhanced capacity to adapt to constantly changing economic environment, on the flipside, there are companies in the Caribbean which choose not to implement such strategies. These companies still view the human element as a cost item. This approach serves to retard human resource development and human capital formation in the company. Over time, the human and social capital is eroded instead of being built, and the physical capital of the company depreciates because of the lack of investment and replenishment and because the depreciated human capital is unable to effectively leverage physical investments of the enterprise. Working conditions are adversely affected and the working relationship among workers and between workers and management could also be adversely affected. Quite often in these situations management resorts to bossism as opposed to collaboration. If we assert that the high road approach increases the potential for enhanced productivity, then we assert that this alternative approach, and others similar, could contribute to poor performance and eventual business failure.

B. The Companies

Fifteen Caribbean companies in eight distinct sectors (some companies were multi-sectoral) in seven (7) countries have been analysed. These companies were selected in three ways:

1. Their participation in the First Caribbean Enterprise Forum that was convened by the PROMALCO Project of the ILO Caribbean Office
2. On the recommendation of employers’ organisations in the respective countries and the endorsement of any representative workers’ organisation.
3. By their indication that their experiences reflected the basic principles of the application of the high road approach.

For each of the enterprises, we review the manner in which one or more of the high road principles have been implemented. We end each case study with results reported by the enterprise. As noted above, we cannot pose a direct causal relationship between the application of the high road principle and the results in each and every case. We believe, however, that the demonstration effect is sufficiently strong to suggest a linkage.

In the final selection of the enterprises we were concerned with ensuring that there was a mix according to size, ownership, sector, country of operations. This was fundamental since we wanted to show that there was applicability of the principles of the high road regardless of the operating environment and the structure of the company.

The fifteen companies can be broken down as follows:

Sectors:
- Banking and Finance
- Hospitality and Tourism
- Manufacturing
• Distribution and Marketing
• Information and Communication Technology
• Services
• Utilities
• Mining
• Conglomerates and/or multi-sector enterprises

Ownership
• Local publicly traded
• Local privately held
• Family owned
• Subsidiary of an international group

Size
• Under twenty five employees
• 25 to 100
• 101 to 500
• 501 to 1,000
• More than 1,000

Countries
• Barbados
• Guyana
• Jamaica
• Saint Lucia
• St. Vincent and the Grenadines
• Suriname
• Trinidad and Tobago

For ease of reference, the case studies have been split into and discussed in five categories - Utilities, two companies; Manufacturing, seven companies; Services, six companies; mining, one company; and multisectoral conglomerates, two companies.
CHAPTER 1

Section: Caribbean Business Challenges

The effects of globalisation and trade liberalisation have hit the Caribbean hard. Many of the vulnerabilities from which the countries of the region were sheltered by domestic protection and special treatment in international markets have fallen by the wayside. All Caribbean enterprises are now required to face the market place and provide a decent quality of working life for their employees based principally on their own efforts.

Furthermore, from the national perspective the centrality of productivity and competitiveness becomes evident. In the words of Paul Krugman:

“...the economic performance of any country, the competitiveness of its businesses and the standard of living of its people depend primarily on productivity over time; and the higher will be the standard of living of the people it employs. ...productivity isn’t everything, but it is almost everything. A country’s ability to improve its standard of living overtime depends almost entirely on its ability to raise it output per worker.” (Emphasis added).

Since the launch of PROMALCO, we have been asking social partners throughout the Region to identify the factors that hinder and constrain productivity. Interestingly, there is broad commonality in the twelve countries where we have explicitly posed this question. The most frequent responses are:

- **Political culture**
  - Opposition
  - Lack of collaboration
  - Lack of foresight
  - Nepotism
- **Social and cultural attitudes**
  - Poor work ethics
  - Poor work attitudes
  - Lateness and absenteeism
  - Culture of non-performance
- **Organisational culture**
  - Lack of team spirit
  - Lack of trust
  - Lack of transparency and communication
  - Low self-esteem
  - Inflexible systems
  - Resistance to change
  - No social justice
- **Management limitations**
  - Outdated work policies
  - Low or non existent standards
  - Absence of a clearly formulated and communicated mission/visions
  - Poor or non existent job descriptions
  - Low professionalism among management
  - Poor management skills
  - Poor human resource management
  - Poor information flow
- **Absence of labour-management co-operation**
  - Low levels of trust
  - Absence of mutual respect
  - Low workplace partnership
  - Non worker friendly environment
  - Resistance to unions and collective bargaining
  - Poor industrial relations
- **Resource limitations**
  - Limited financial resources
  - Small population size – low economies of scale
  - Brain drain
• Improper job placement
• Technological limitations
• Finances
• **Inappropriate** training and education
  • Inadequate technical skills
  • Lack of job training
  • Skills mismatch
  • Inadequate technical skills
  • Mismatch between education and the world of work
  • Inadequate technical skills
• **Customer Service**
  • Absence of organisational customer focus
  • Failure to listen to customers
  • Poor customer relations
  • Poor customer service
• Occupational **health and safety**
  • Drug and other substance abuse
  • Mental illness
  • HIV/AIDS
• **The reward structure**
  • Absence of proper employment contracts
  • No provision for gain sharing
  • Rewarding non-performance among management

These challenges have serious implications for the effectiveness of the enterprise and many of them can be addressed by deliberate action within the enterprise. More importantly, however, the corrective actions have the best chance of success when undertaken jointly by management and labour.

**CHAPTER 2**

**Section: High Road Principles**

**HIGH ROAD PRINCIPLES: CONCEPTS AND FEATURES**

In summary the high road may be seen as “competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization and conditions, enhanced capacity to adapt to constantly changing economic environment and labor-management partnerships: in short, a total productivity improvement”. (Tolentino, 2001)

We need to understand therefore, whether companies in the Caribbean have been able to address the limitations identified in the previous section and attain the competitiveness and productivity paradigm put forward by Tolentino and others, in an effort to become more productive and profitable.

International experience confirms that such transformation is possible. Tolentino quotes the results an ILO/International Federation of Training and Development Organisation study of 10 internationally and nationally recognised successful organisations. The common elements found in these companies were:

1. The initial drive towards high performance working has come from the top. The **leadership** and influence of the top person in the organization is critical in providing vision, and leadership has been found to be very instrumental.
2. Organizing work to empower employees to use their judgement within the framework of a job and often working as a team is fundamental.
3. The development of capability of employees to do that which is required in organizations with high aspirations lies at the heart of the management challenge. The capacity to learn is at the centre of the high performance working strategy. In addition to high skills and multi-skills development, is the need to develop self-management and problem solving skills -so as to contribute to quality improvement- and interpersonal skills for effective team working.
4. Having in place performance management procedures in order to monitor progress, assess the development of skills and identify areas for further development.
5. Extending-out the high performance working beyond the “factory gates”. This extending-out means getting involved in communities, with workers and their families, suppliers, etc.
6. Alignment between people management and market/business strategy.

The High Road Principle and Caribbean Practice

In the Caribbean it is possible to identify a number of the High Road principles in operation.

a. Strategic Management

The high road approach calls for the holistic development of the enterprise. Strategic management not only allows for a transparent and comprehensive planning but so too implementation, audit and feedback which ensures that the social, human, financial and physical capital of the enterprise is developed in synergy. The case studies demonstrate how widely the companies have viewed development and how carefully they have gone about increasing international competitiveness by paying attention to the key areas. Strategic management is a process that allows for collaboration of resources even if the end result cannot be foreseen.

The Strategic Management Process takes the enterprise through a comprehensive model which seeks to identify areas of responsibility and reporting lines among managers and senior executives. It allows for a thorough analysis of the competitive environment including the micro and macro environments as well as the industry environment. The Strategic Management Process allows the enterprise to make strategy choices based not only on the availability of current resources but so too where the enterprise would like to position itself. The final part of the Strategic Management Process is about implementation and audit which allows for feedback and the re-examination of strategy choice and if necessary, the re-deployment of resources. The process incorporates all business disciplines as they affect the enterprise including finance, economics, marketing, organisational behaviour and last but not least, human resource development which is discussed next.

Information coming out of the First Caribbean Enterprise Survey, which was conducted by PROMALCO in 2001, shows that less than fifty per cent of the enterprises surveyed engaged in strategic planning of any kind. The question that arises immediately how do these enterprises position themselves for future and indeed, how have they survived to this point? Happily the case studies demonstrate that the strategic planning approach is open to enterprises of all sizes and that increasingly enterprises are committing themselves to the process of careful and collaborative planning in order to position the enterprise to compete.

b. Strategic Human Resource Management

The efforts of the companies to improve the quality of their relationships with their unions and their employees have been in most cases accompanied by significant improvements in the quality of their human resource management. However, this is but one step in the total Strategic Human Resource Management effort.

Strategic Human Resource Management suggests the planning, nurturing and development of the human resource a critical plank in making the enterprise more internationally competitive. The approach has several components all of which seek to optimise the human potential within the enterprise. This includes systems such as documentation of policies and procedures, the development and adoption of compensation strategies and policies, and the raising of the profile of human resource management in the companies. Among other things, there is the implementation or improvement of performance management systems, improvement in gain and benefit sharing and bonus plans, and in systems for dealing with terminations and retrenchment. Strategic Human Resource Management also includes systems for the welfare and health of the employee. Systems must provide for skills upgrade and proper fit between the job being performed and the skill required. Succession planning is also vital in ensuring that the vulnerability of the enterprise is minimised through adequate provision of the necessary human resources, at both management and worker levels.

c. Socially Sensitive Enterprise Restructuring

The issue of termination is one of great significance. For many reasons, including past management practices, changes in technology, changes in customers and customer preferences, changes in patterns and forms of production, an enterprise may have to alter the size, composition or profile of its workforce. On the high road, it is possible to carry out such an exercise in a manner that achieves the enterprise's business goals while maintaining the dignity of the employee, securing the human capital of the enterprise and the employee, minimising workplace disruption and even
creating new opportunities for both the enterprise and the employee as well as protecting the institutional capacity and memory of the enterprise which can be eroded if the wrong human resource is eliminated. Yet it should be clear that Socially Sensitive Enterprise Restructuring is not limited to only the issue of termination but incorporates a wide range of issues which impact on the productivity of the enterprise, such as restructuring in technologies, markets, and work organisation.

d. Communication

Next to trust, transparent and open communication is one of the most significant management tools, the absence of which, retards progress in Caribbean enterprises and requires urgent attention. Traditional approaches of “bossism” on the part of management and adversarialism on the part of labour have served to ensure that social partners in enterprises engage quite often in talking past each other.

Moreover, in the fast changing world of the enterprise in the present marketplace, it is essential that all concerned with the enterprise – management, workers and their representatives - need to have a common understanding, among other things, of the business of the enterprise, its strategies, its challenges, its vision, its mission. Such communication allows for joint problem solving, harvesting of ideas for development of the enterprise, preventative and proactive maintenance of a climate that is geared to flexibility in the globalised economy. Communication fosters a greater understanding of the competitive environment and what is needed for the enterprise to move forward. Communication also helps to build social capital which determines the level of relationships that exist in the enterprise and also contributes to the growth of the human capital of the enterprise.

e. Collective Bargaining, the Right to Organise and Labour-Management Partnerships

One of the central characteristics enterprises examined is the focus on the development and improvements in the relationships between enterprise managements and their unions and the development of worker and union management partnerships. A number of companies have achieved significant value added from their efforts to improve union management relationships.

In so doing, the companies have succeeded in building trust among their employees and in minimising disruption and work stoppages due to industrial disputes or problems. There has also been an increase in the mutual respect between these two key social partners.

The fundamental issue of trust building is critical for forging effective labour-management partnerships. The cases examined show that the enterprise benefits handsomely from labour-management partnerships as significantly more of the productive potential of labour (and therefore the enterprise) is released.

f. Management, Culture and Organizational Change

The development and increasing pursuit of the high road approach has required a substantial shift in management practice. Enterprise managers have increasingly had to abandon older theories about an exclusive and absolute right to manage, and to recognise that management requires, as well, the acceptance that those who are being managed also have rights. The rights of workers have been encapsulated in the ILO’s Fundamental Principles and Rights at Work and have increasingly become part of the management toolkit for high road managers.

This new approach to management therefore means a change in management culture, with new emphases on communication, concern with the social and physical well being of people at work, and the importance of managing and dealing with people at their work locations and not exclusively at some remote location at corporate headquarters, as far away from the place of work, and the problems at work, as possible.

g. Building Social Capital

To be able to continuously innovate, be flexible and agile, an enterprise must have the competent, skilled, motivated and dedicated people to build the social capital of the company by working together in an atmosphere of mutual respect, trust, confidence and collaboration which facilitates co-operation and co-ordination. When a company invests in and builds its social capital, then it can be certain that the relationships which form an integral part of the business culture is strong and virtuous and that it will only add to the productivity of the enterprise. The opposite is to operate in a social structure characterised by mistrust and a lack of communication which hinder productivity and
competitiveness. Thus it is also increasingly being recognised that human and social capital of an enterprise are the sources of long-term competitive advantage of the enterprise. [Tolentino 2001] This is fundamental in culture and organisational change as the enterprise seeks to promote its human resource as its premier resource in an effort to ensure the sustainability of the enterprise as well as to escape from the culture of “dominance” which has hindered enterprise performance in the Caribbean.

h. Corporate Citizenship

A critical element of the high road approach is the relationship between the company and the society in which it operates. We have identified that the high road approach refers not only to the commitment to improving productivity and competitiveness through the management of the enterprise’s human resources, but also to the need for such an enterprise to manage its outputs so that its operations contribute to stable and healthy social and ecological environments as well.

Because an enterprise does not exist in a vacuum but is part of a physical and social environment, that enterprise can impact on its environment and be impacted on by the environment. The relationship of the enterprise with its environment can therefore be an important determinant in its success.

The manifestation of corporate citizenship besides creating a good image for the company can have other positive impacts as well as minimise negatives from the operating environment. A company that demonstrates good practice as a corporate citizen gains an image which attracts good talent and builds goodwill in the community and confidence in the enterprise. This is especially important sometimes when companies are located in depressed communities. The case of Interior Harmony is evidence of this.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Caribbean Challenges and High Road Strategies</th>
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<td></td>
<td><strong>Caribbean Challenges</strong></td>
</tr>
<tr>
<td>1. Social and Cultural Attitudes</td>
<td>Human resource development Communication Corporate citizenship</td>
</tr>
<tr>
<td>2. Organisational Culture</td>
<td>Communication Strategic human resource management Build social capital Build Labour-Management partnerships Socially sensitive enterprise restructuring</td>
</tr>
<tr>
<td>3. Managerial Limitations</td>
<td>Change management culture Build Labour-Management partnerships Socially sensitive enterprise restructuring Communication</td>
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<tr>
<td>4. Resource Limitations</td>
<td>Human resource development Strategic planning and management Labour-Management partnerships</td>
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<tr>
<td>5. Inappropriate Training and Education</td>
<td>Human resource development Labour-management partnerships Strategic human resource management Socially sensitive enterprise restructuring</td>
</tr>
<tr>
<td>6. Customer Service</td>
<td>Human resource development Build social capital Better working conditions Strategic Management</td>
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<tr>
<td>7. Occupational Health and Safety</td>
<td>Labour-Management partnerships</td>
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<tr>
<td>8. Reward Structure</td>
<td>Union recognition Labour-Management partnerships</td>
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<tr>
<td>High Road Strategy</td>
<td>Company Strategies</td>
</tr>
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</tr>
</tbody>
</table>
| 1. Union Recognition, Collective Bargaining and Worker/Management Partnerships | • Recognise Unions and demonstrate respect for their officers  
• Resolve Outstanding Issues  
• Establish standing facilities for dispute resolution  
• Establish facilities for non-conflict discussions  
• Work to develop trust through transparent systems and procedures  
• Conducting negotiations promptly  
• Including Unions in strategic changes and developments  
• Train staff to better manage their Union responsibilities  
• Eliminate discrimination on the job |
| 2. Strategic Human Resource Management and Development | • Implement training programmes to upgrade skills  
• Provide opportunities and training for multi-skilling  
• Introduce performance management, measurement and develop systems  
• Develop competitive compensation strategies  
• Develop teams and teamwork  
• Empower line managers to manage workers  
• Select high quality and highly qualified staff  
• Eliminate discrimination in hiring and treatment of staff  
• Develop, publish and implement defined HR policies and procedures  
• Develop and share corporate culture  
• Share improved value created with staff  
• Develop strategies for redundancies and termination  
• Develop employee support systems such as EAP, Sick Workers Programmes  
• Develop non-cash motivators. |
| 3. Communication | • Engage workers and their representatives in the development of company goals, challenges and strategies  
• Create fora for on-going collaboration with workers and their representatives  
• Demonstrate commitment to openness at the highest level |
| 4. Change Management Culture and Organisational Development | • Create professional HR departments  
• Raise profile of Human Resource department in organisation  
• Document operational policies and procedures  
• Restructure company and departmental organisation and reporting relationships  
• Delegate responsibility for managing people to the operational level.  
• Team work  
• Utilise benefits of multi-skilling |
| 5. Corporate Citizenship | • Minimise negative environmental impacts of operations  
• Maintain clean and healthy working environment  
• Develop links with outside community |
| 6. Strategic Planning | • Review and improve work processes  
• Introduce facilitative technology  
• Focus on customer service  
• Implement Quality/ISO systems  
• Seek strategic alliances |
| 7. Building Social Capital and Social Development | • Improved Working Conditions  
• Focus on workplace and employee health issues  
• Introduce Health and Safety Committees  
• Provide options for work time flexibility  
• Measure accident free time.  
• Improve social interactions at work - Clubs, support systems etc |
CHAPTER 3

Section : Cases from Utilities : VINLEC


Company Background and Description

The St. Vincent Electric Company (VINLEC) is a Government-owned monopoly utility that supplies electricity to the chain of eight islands that constitute the State of St. Vincent and the Grenadines. The country is characterised by very rugged terrain, small population of just about and scant indigenous energy resources. Economic activity has traditionally been led by agriculture, especially bananas, combined with small-scale commercial and industrial activity and tourism.

In the period immediately prior to Government’s acquisition of the company in 1985, it was privately owned with the Commonwealth Development Corporation (CDC) being the major shareholder. When the CDC decided to change its strategy and divest itself of utility shares it held in the Region, the Government acquired the entire equity of the company.

At the start of the transformation the culture of the company was marked by an orientation that was not geared toward commercial efficiency. There were elements of political influence in hiring of staff to satisfy non-commercial objectives and a lack of emphasis on financial results. Moreover, the strategy of the company was more influenced by the overall development strategy of the government that sought to achieve as wide a distribution as possible of electricity services without regard to the quality of such services and commercial considerations.

VINLEC was vested with the exclusive license to sell electricity and to distribute this service as widely as possible. However in the early 1980’s its service only reached 50% of the population and was characterised by high unreliability in terms of the shortage of capacity and the constant need for load shedding and in terms as well of poor power quality and safety. Further, efficiency levels were quite low with losses from the grid as high as 28%.

Financially, the company experienced consistent annual operating losses and experienced negative cash flows, and was unable to finance capital investment, operating perpetually in overdraft and had no access to credit. Local merchants in St. Vincent and the Grenadines would often refuse to accept the company’s purchase orders or cheques, insisting on cash on delivery or certified cheques.

There was also evidence of poor safety with high-tension wires sometimes exposed to the public. There were instance of tethered animals coming into contact with the company’s poles and their attachments and being electrocuted. Happily there were never any reports of human accidents in this regard.

The company also suffered from a poor public image because of the unreliability of its product and because it was blamed as a source of damage to customers’ appliances and equipment as a result of surges and low voltage.

Not surprisingly, VINLEC had a reputation as a poor employer.

Challenges

As the economic reality and strategy for St. Vincent and the Grenadines began to change, the government changed policy to allow all individuals the right to generate their own electricity without the requirement of a license or any form of permission from VINLEC.

The situation was compounded by the instability, uncertainty and discord that surrounded the operations of the union in the company. There was a considerable degree of distrust among the workers about the integrity of the union and whether it was in collusion with the management. From a human resources standpoint, while the company had 165 employees there was a shortage of key skills in all areas which tended to multiple the efficiency problems.
The company used these challenges as an opportunity to address its immediate problems as well as a range of broader strategic issues that were related to its performance and its public image in the market.

The critical challenges that the company faced at the time may therefore be summarised as follows:

1. Low levels of efficiency and productivity.
2. Poor quality of service.
3. The consistently poor financial performance.
4. Poor labour management relations and a tense industrial relations climate.
5. Workers’ suspicion about the integrity of management’s role in its relationship with the union.
6. Poor customer image.
7. Poor image as an employer.
8. The need to adjust the company’s response to long term changes in its business and competitive environment.
9. The need to enhance and develop the process of learning and productivity improvement and to maintain its competitive edge into the future.

**Strategic Responses**

The company decided on two fundamental and related approaches to all of the challenges outlined above. These are:

- The development of an overall strategic plan of action and direction to deal with both the short term and long term challenges; and
- The development of a partnership with its workers and their representatives that would contribute to sustainable improvements in productivity, product quality, customer service quality and competitiveness.

**Strategic Planning**

The company began a process of analysing its operations and performance in the context of a global competitive perspective. The company developed a new strategic intent which saw its role producing an electricity supply of a high quality and reliability, equivalent to international standards and to supply this service to all domestic and commercial customers to the full satisfaction of such consumers. This strategic intent is captured in its Mission Statement as follows:

“To deliver an electricity supply service of the best quality and value to our customers; to satisfy the interests of shareholders and employees; to support sustainable development and contribute towards a high quality of life for our people.”

This Mission is supported by two vision points as follows:

“To place and maintain VINLEC as the best service provider in this State.

“To place and maintain VINLEC among the best performing utilities in the world.”

In pursuit of this mission and objectives the company initiated a number of strategies in both the operational and human resource management areas. In the operational area these have included strategies to:

- Improve profitability and general financial health;
- Improve product/service quality and reliability;
- Improve customer service quality;

By implementing the following:

- Improve technology and work processes;
- Reduce cost;
- Participate in Community development and activities;
- Meet technology and regulatory challenges;
- Protect the environment;
- Prepare for privatisation.
Developing a Worker-Management Partnership

It was clear to management that these operational and strategic objectives could not be effectively achieved without the buy-in and full co-operation of the employees. One of the key challenges therefore was to bring change to the dysfunctional industrial relations climate.

The workers had a concern that the union, which at the time had bargaining rights was not providing them with effective representation. As a consequence a rival union was making attempts to gain recognition. One of the first responses of the new management at VINLEC was to insist on a poll to determine which of the rival unions had majority support. Once that was determined the management set about creating a climate of labour-management co-operation. The taking of the poll was a bold stroke of leadership by the management, since the union which had bargaining rights was aligned to the Government (the sole shareholder) and the challenging union was seen as anti-government. The taking of the poll also highlights the importance of the workers’ representatives having legitimacy among their workers and the management if they are to be effective in the labour-management partnership.

The company approached the union to establish a framework which would govern their relationship. It would serve to develop a partnership which could form the basis for solving the immediate problems that had arisen and for longer-term improvements in industrial relations and worker management relations as well as the efficiency and effectiveness of the company.

The company and the union negotiated a “Recognition Agreement” in which they set a broad framework for the execution of labour-management relations. Both parties recognised and adopted the company’s statement of mission as their guiding principle in dealing with all matters. This Recognition Agreement set out the spirit, purpose and scope of the Agreement; the explicit recognition of the union for the relevant categories of workers by the company; the rights and responsibilities of the employer, and those of the Union. The Agreement stated in part:

“The spirit and intention of this Agreement is to maintain and further good relations between the Employer and its Employees represented by the Union, and to provide procedures for the avoidance and settlement of disputes.”

“This Agreement is also intended to promote economical and efficient operation of the works of the Employer, avoid industrial disturbances, achieve the highest level of Employee performance consistent with safety, good health and sustained effort and, to those ends, the Union and the Employer shall together negotiate...”

“On its part, the Employer undertakes to provide good quality jobs in a safe and pleasant environment, and to promote the health, welfare and general satisfaction of all its Employees.”

Provisions of the Recognition Agreement

- The basis for recognition
- The shared objectives of the management and union in the success of the company
- The shared acceptance of the vision, mission and guiding principles for the operation of the company
- The employer's inalienable rights and responsibilities
- The Union and its members' inalienable rights and responsibilities
- Mechanism for treating with grievances and representation
- Codes of conduct regarding industrial action
- Codes of conduct regarding publicity and propaganda
- The employees right to freedom of association
- Framework for conciliation and arbitration

In order for the Union to effectively fulfill its role as a partner in the transformation of the company, management invested in the training of union officers and provided the necessary support for strengthening the union. This arose from the recognition that a strong and stable union, operating with the support of and in the interests of its workers is an essential element in achieving industrial peace and stability, improvements in productivity and competitiveness, and in producing high levels of customer service and satisfaction.

From an operational standpoint the company committed itself to the conduct of prompt and respectful negotiations for renewals of the agreement. Renegotiations of the terms and conditions of work and of
wages have been conducted promptly and concluded in good time, and have not been allowed to become matters for industrial conflict and problems in their own right. In this context the company had made a commitment to pay its employees no less than the 80th percentile of wages in St. Vincent and the Grenadines and to pay the best wage that its situation could support.

The management and the union also addressed issues related to the maintenance of their relationship. They created mechanisms for communication and consultation. A number of joint consultative groups were established on subjects such as pensions, occupational health and safety etc. In addition, the company meets with the union whenever needed and there is a delegate meeting held every two months.


When VINLEC started its transformation, there were 165 employees. It will be recalled that the company being government-owned was often forced to hire in a non-transparent manner and for other than business reasons. The new management found that there was a shortage of skills at all levels of the company.

The management developed a four-pronged approach after assessing the needs of the company.

- Redeploy – As far as practicable the company sought to fit the existing employees according to their competencies with the evolving needs of company.
- Retrain – The redeployment was accompanied by training and upgrading of skills to better fit the needs of the company.
- Restructure – The company accepted that there were employees, who would not be able to fit with the requirements of the company even with redeployment and training.
- Recruit – The company sought to meet its emerging needs by transparent recruitment.

The end result has been that that staff increased by more than 60 per cent from 165 to 265, with increases in efficiencies, effectiveness and productivity.

Assessment of Results

Since embarking on its new strategic approach, the company can point to several indicators of highly successful results. The Chief Executive Officer indicates that the effect of the transformation process became obvious within a year of the start of the process. Over time the results have included:

- Service coverage of potential customers has increased from 50% to virtually 100%.
- Efficiency has increased substantially with losses currently at the level of 10% as compared to the previous level of 28%.
- The reliability and quality of the electricity service provided has improved considerably.
- The company’s financial performance has improved considerably:
  - It has been consistently profitable over the last 10 years;
  - In the last five years the previous pattern of negative cash flow has improved and internally generated funds now contribute 50% of capital investment;
  - The company enjoys healthy cash balances, reasonable bank rates and reductions in interest costs;
- The company now enjoys a good public image as a corporate citizen.
- Government holds it in high esteem.
- Levels of customer satisfaction have improved considerably.
- The company now considered a preferred and desirable employer.
- The company enjoys the benefits of high staff morale
VINLEC: SOME PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th></th>
<th>1981</th>
<th>2002</th>
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<tbody>
<tr>
<td>Peak Demand (Mw*)</td>
<td>5.0</td>
<td>18.4</td>
</tr>
<tr>
<td>Sales (Mwh**)</td>
<td>21.3</td>
<td>89.8</td>
</tr>
<tr>
<td>Customers</td>
<td>12,100</td>
<td>32,320</td>
</tr>
<tr>
<td>Gross revenue (EC$M)</td>
<td>8.71</td>
<td>62.40</td>
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<tr>
<td>Employees</td>
<td>165</td>
<td>265</td>
</tr>
<tr>
<td>Customers/Employee</td>
<td>73</td>
<td>122</td>
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<tr>
<td>Sales/Employee</td>
<td>129,100</td>
<td>338,900</td>
</tr>
<tr>
<td>Coverage</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>System Losses</td>
<td>28%</td>
<td>10%</td>
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Section: Cases from Utilities: Cable & Wireless Barbados

Cable & Wireless Barbados

Socially Sensitive Enterprise Restructuring - Labour-Management Partnering - Communication and Consultation - Corporate Citizenship

Background

By way of a Memorandum of Understanding dated October 16, 2001, four separate companies, which Cable and Wireless owned, merged. These were the Barbados External Telecommunications (BET), The Barbados Telephone Company (BARTEL), Cable and Wireless Cellular Company (CWCC) and Cable and Wireless Information Systems.

BARTEL, which supplied local telephone service, was originally owned by the Government of Barbados before the sale of those interests to C&W in the early 90's. On the other hand BET, which provided the external telecommunications and telex services in Barbados, was and continued to be owned by C&W (West Indies) Ltd. CWCC, the cellular service provider, was a joint venture between BET and BARTEL, while CWIS was a wholly owned subsidiary of BET. Until the merger, all four companies operated as reasonably independent entities, with BET and BARTEL being listed on the Barbados Stock Exchange.

In addition to the merger, the regulatory environment for the telecommunications sector in Barbados has been changing rapidly, along with the competitive environment, and the changes in the global telecommunications market. These developments have established the strategic challenges that the companies faced.

Challenges

There are a number of strategic challenges that the company faced and that would significantly affect its operations, including the following:

- The merger and the integration of the cultures and operations of the various units.
- The stated intent of the government to terminate the monopoly enjoyed by BARTEL thereby intensifying the competition that the company faced in the domestic telephony market.
- The more general consideration of competition in the newer markets, such as mobile telephony and international long distance services.
- Changes in the regulatory environment that included the creation of a new supervisory authority as well as the demonopolisation and liberalisation proposals.
- Challenges faced by the Cable and Wireless parent company in its global operation which saw the value of the parent company drop precipitously and which increased the significance of C&W's Caribbean operations, including those in Barbados.
Response

The merger was part of the strategy for dealing with the increased competition and with the expected changes in the regulatory and operating environment, and involved the integration of the management teams of the four entities.

Part of this challenge was the need to reduce costs in order to ensure the sustainability of the company in an environment where the external communications services effectively subsidised the rates charged for local service. As the United States and other countries had begun insisting that accounting rates for overseas services should be equalised, the company was less able to charge local customers premium rates for such services. Conversely, with the removal of the premium on overseas calls, the domestic service could no longer be subsidised by the overseas service. The company therefore had to manage its cost in such a manner that it could operate on the basis of cost-oriented pricing structure while not placing domestic service out of the reach of the average customer.

One of the fundamental elements of the strategy to achieve this was the reduction of the cost of labour, which was the major cost component. In addition to the labour reduction strategy, the company also pursued a total quality management programme as well as process reengineering.

Labour-Management Partnerships for Socially Sensitive Enterprise Restructuring

The principal challenge for the company in this regard therefore was the management of the termination programme that became necessary. The cornerstone of this strategy was a voluntary separation plan.

The voluntary separation plan was integrated with a change management approach and contained a number of features.

1. A steering team, comprising representatives from the management, Board and the union, and supported by work group teams comprising of staff members and union representatives at each of the departments formed the nucleus of the approach to the management of the programme. In addition a number of joint staff meetings were held explaining the rationale for the strategy and for the selection of candidates for retrenchment or voluntary separation.
2. An outsourcing strategy was developed and adopted by the company in certain operational areas that were previously performed by some of the same employees who had volunteered for the separation plan. Outsourcing opportunities were developed in areas such as transport, wiring and cable work, messenger services and facility maintenance services.
3. Volunteers for separation were enrolled in a series of training sessions and seminars in order to prepare them for leaving the employ of the company and to establish and manage their own businesses to which the company could outsource. Included in the training sessions, some of which were conducted by an industrial psychologist, were sessions on financial management and planning, on the management of funds, and on setting up and operating businesses.
4. Groups of separated employees were provided with critical facilities such as office space, the equipment they needed, computer support and, very importantly service contracts in order to kick start their independent operations.
5. The remaining work force was trained in a number of processes to help them deal with the adjustment, and to help them to be able to operate in newly reengineered processes that were heavily supported by the automation of operations.

Changing Company Culture

The company also conducted a number of change management sessions in order to facilitate the creation of a new culture. Some of the cultural issues arose from the partially public service orientation of one company – BARTEL – with some 900 of the company’s 1,130 employees, as compared to the older, more conservative and cash rich BET that had always been part of the Cable and Wireless family.

Management understood that even in the context of a good labour-management partnership, restructuring is a traumatic and disruptive process in an enterprise. Accordingly, it was necessary to rebuild social capital and encourage the creation of a new company culture of cohesiveness. Therefore in addition to the change management activities, the company encouraged and supported intra-company social mechanisms such as the sports club and family day outings.
Improved Customer Service

As part of the process of change and with the expectation of competition the company created a new customer care centre incorporating operations, customer care and a help desk that provided customers access to customer service solutions with a single call to the office.

Results

The strategy was therefore to reduce employment, restructure operational processes and facilitate the adjustment to a new culture by which the company expected to successfully become market driven, customer-centric and service oriented.

The company has acknowledged very satisfactory results from the approach, even though it is still in the very early stages of the process. It can even at this stage point to a number of positive indicators:

- By the end of 2001, some 250 employees or approximately 23% of the work force had accepted the voluntary separation plan.
- Several groups have already started service contracts with the company.
- The entire programme was implemented without any industrial action, disturbance or disruption. There was also no public outcry about the significant reduction in the work force.

CHAPTER 4

Cases from Manufacturing:

Cases from Manufacturing: Eastern Caribbean Group of Companies

Eastern Caribbean Group of Companies


Company Background and Description

The East Caribbean Group of Companies (ECGC) is a group of four companies engaged in the milling of flour, rice and animal feeds and has operations in St. Vincent and the Grenadines and in Guyana, where it operates a rice farm and mill. The four subsidiary companies are: the East Caribbean Flour Mills, East Caribbean Feeds, East Caribbean Rice Mills and East Caribbean Packaging.

The company is a privately-held joint venture between local interests, the Government of St. Vincent and the Grenadines and the Maple Leaf Milling Company of Canada. Most of its operations are conducted from its St. Vincent and the Grenadines base where it employs just over 200 persons. The company is currently unionised and all eligible workers belong to the recognised union, the National Workers’ Movement.

Challenges

The company has had in recent years to deal with three major challenges and a number of ancillary challenges. The major ones have been:

1. Increasing competition as a result of the failure of some of governments in importing countries in the Eastern Caribbean Region to enforce agreements made at the level of CARICOM and the OECS, in other words, the process of market liberalisation.
2. The introduction, for the first time, of a trade union into the company in 1997;
3. The need to terminate members of staff including certain senior executives.

Responses

In addressing these issues the company determined that the key strategy that it needed to develop and adopt concerned the proper and strategic management of its human resources to reduce the potential for conflict, improve morale and motivation, increase productivity and minimise cost.

The company's introduction of strategic planning was a two-stage process. As a result of the circumstances facing the company in the first phase, it had to take actions in a context in which there was little time for planning through an organised and structured strategic planning approach, although an effort was made to deal with the issues within a strategic framework. It has turned out that a number of the steps that had
been taken have been the right ones and have generated satisfactory results.

In the second stage of its strategic response, the company has sought to introduce formal and structured strategic planning approaches.

**Strategic Human Resource Management**

The company clearly identified that a strategic approach to human resource management, development and administration was the primary requirement for dealing with the critical issues that it faced. The issues essentially concerned ensuring that the company had available to it, in the short and medium term, the right mix of human resources to face the impending challenges human resource matters and this therefore became the primary focus of the company.

The company therefore set out to achieve the following objectives through the adoption of a number of human resource management strategies.

- Create a transparent basis for company behaviour in recruitment, selection, development, discipline and termination of staff.
- Create a learning and productive environment that will facilitate continuous improvement in productivity and competitiveness.

**Labour-Management Partnership**

**Recognise the Union as the Representative of and Bargaining Unit for the Workers.**

The company was quick to recognise the trade union as the bargaining unit and representative for the workers, and provided critical support in developing staff to be able to discharge their union functions effectively. In this regard, the question of the unionisation of the company was converted from being potentially highly disruptive to being a cooperative and shared venture, contributing to an atmosphere of trust.

The Company made the transition to unionisation through:

- Facilitating the entry of the union chosen by the workers.
- Creating an environment within which all parties could engage each other, build trust and produce satisfactory results.
- Ensuring a stable working environment in which the union and the workers would become partners in achieving the company’s overall objectives.
- Contributing to the motivation and improved morale of the staff.

**Collective Bargaining**

The company adopted a number of approaches to institutionalising the process of collective bargaining with a representative union and making the presence of and process of dealing with that union a fundamental part of the new management philosophy. These included:

**Conducting Prompt and Respectful Negotiations for Renewals of the Agreement** - The company committed itself to conduct negotiations of the terms and conditions of work and of wages promptly and in an attitude of mutual respect. As a consequence, recent negotiations have been concluded in good time, and have not been allowed to become matters for industrial conflict and problems in their own right. The company has also assisted in preparing the staff to manage their union affairs to create a stable institution that would work for the long-term interests of the company.

**Creating Mechanisms for Communication and Consultation with the Union and Worker Representatives** - A number of joint consultative groups have been established on subjects such as pensions, occupational health and safety, uniforms etc. In addition, the company meets with the union whenever needed. Union delegates meet every two months.
Building Social Capital

ECGC faced the twin challenges of dealing with the enforced departure of critical senior executives and the unionisation of the company for the first time. The company determined that it would not be sufficient to deal with only the economic demands of the workforce as might be expressed by their new union in negotiations, but that there were other areas in which it could take some initiative in improving the environment for work and working relationships. The intent here was to ensure a happy and satisfied workforce and an environment of cooperation that would maximise productivity and minimise disruption.

The programme that the company adopted in this regard contained several elements, including:

- Provision of assistance with transportation by providing a limited bus service or alternatively a small allowance to meet the cost of transportation to get to work.
- Introducing an enhanced health and safety environment, including the provision of an industrial nurse on site, and the establishment of a worker/management committee to monitor and seek improvements to workplace health and safety.
- Encouraging the formation of social clubs within the organisation, including a Tour Club in order to build relationships through off-duty interaction.
- Providing a support system for the children of employees who were preparing for examinations.
- Developing an Employee Assistance Programme in which employees will have access to medical and psychological help to deal with personal and family issues that may ultimately affect their performance at work.
- Developing mechanisms for counselling employees who may be terminated involuntarily, or may be about to retire to help prepare them to face the challenges of their new lives. In addition, the company developed a system whereby employees who had been subject to involuntary termination would have a first call on new opportunities that may arise later, or may be requested to provide outsourcing services.

Deepening the Process

The labour management partnership at ECGC continues to evolve in other areas. The company and the union have implemented the following policies and decisions:

- The Union was granted executive position in the management of the company's pension plan.
- All disputes arising over the last three years were settled without the intervention of the Labor Commissioner.
- The Union plays a central role in the selection of awardees of contract for the operations of the Canteen.
- The Union is represented in a three members committee that considers and awards scholarships and book allowances to children of employee who successfully completed the common entrance examination.
- The company grants time off with pay to union delegates to perform union activities.
- The Union is fully represented in the Health and Safety Committee.
- The Union plays a central role when business adjustments are undertaken e.g. redundancy and restructuring.

Assessment of Results

Management has indicated significant satisfaction with the results of their strategies. They point to an increase in productivity and a tangible rebuilding of trust within the company. In this regard, they indicated that recent requirements to temporarily reduce the workforce were discharged successfully through a process of discussion with the union and their representatives and agreement on an approach to the planned reduction.

In this latter case, evidence was drawn to substantiate the success of the mechanisms and procedures that had been developed to facilitate communication with the union and with the staff, including the holding of a delegate meeting every two months and of meetings with the union whenever the need arises.
As currently structured, the TCL Group of Companies is made up of seven companies. There are three cement manufacturing companies (Trinidad Cement Limited in Trinidad and Tobago, Arawak Cement in Barbados and Caribbean Cement in Jamaica). In addition to these core companies there are four associate companies: TCL Packaging Company; TCL Ponsa and Readymix West Indies Limited all located in Trinidad and Tobago. Finally, there is TCL Trading, a small marketing operation located in Anguilla and responsible for selling the companies' products in the Caribbean countries which do not have manufacturing plants.

Trinidad Cement Ltd. was the original facility which until 1996 was majority owned by the Government of Trinidad and Tobago. By a process of divestment over the period 1989 to 1994 government shareholding was reduced to 20% and then by 1998 the government divested its remaining shares in the company. The new ownership spanned employees (through an ESOP) through small and large individual and institutional investors.

During the period of transformation, the company acquired two additional cement manufacturing plants – Arawak Cement in 1994 and Caribbean Cement in 1999. Both plants were losing money. These acquisitions added a further dimension that demonstrates the validity of the high road approach in that the parent group was able to apply the same disciplines and strategic approaches to both acquisitions with success. Moreover, the operating environments of Trinidad and Tobago, Barbados and Jamaica are markedly different.

In 1998 the Government of Trinidad and Tobago sold twenty per cent of its holding to Cemento de Mexico (CEMEX), the third largest cement manufacturer in the world. It was hoped that the alliance with CEMEX which gave the latter 20 per cent equity in TCL would have provided new outlets for the company's products as well as access to new technologies and other innovation. The alliance with CEMEX has since become problematic, with CEMEX making two unsuccessful bids to acquire TCL. [See Box]

The company operated at roughly 50% of benchmarked plant capacity and plant availability and efficiency averaged almost 30% below international standards. This was notwithstanding that the Company implemented a number of plant improvement actions including introducing a new fully automated kiln. Up to the time of the implementation of the new strategic direction, the kiln had never achieved the efficiencies that were expected.

The company concluded that the existing relationship with its workers and their unions was inimical to the achievement of long term success in the context of the rapid changes taking place in the competitive environment, and that success required a substantial change of approach for which management held the responsibility.

Challenges

The company recognised the following business challenges that required effective strategic actions if the company were to be able to survive.

1. The increasing availability of competitively priced product from other sources.
2. The need to generate significant improvements in plant efficiency, availability and capacity utilisation.
3. The need to increase and maintain a level of return to shareholders so that capital that may be required in the future for growth, expansion or maintenance would be readily available.
4. A debilitating industrial relations climate which had adverse effects on company productivity and profitability as evidenced by:
   - 1984 - 1995: 2 Full or partial work stoppages/yr. Estimated cost (at today’s rates) over the period $42M
• 47 unresolved grievances/disputes
• Dysfunctional relationship between Management & Union
• Plant efficiency below 70%

5. The threat of being absorbed by or merged into a global company in which there would be the risk that the local operations would cease.

Strategy

The strategy of culture and organisational change adopted by the TCL Group was carefully structured. The Chief Executive Officer has outlined it in a flow chart, which is represented below.

Change Organisational Culture

The company’s strategy was based on the development of a new philosophy by the management, encompassing the following principles:

- The entire employee population and their trade union representatives would in the future be treated as valuable, value adding, strategic partners and stakeholders.
- The language and values of the organisation would reflect this commitment.
- Managers were personally and professionally responsible for the success or failure of these initiatives.
- That a new organisation statement of purpose supported by a declared human resource vision would be fashioned to reflect the new values.

In an effort to ensure the transparency in this process the company engaged the services of an experienced consultant to assist in guiding, helping and advising managers, employees and union officials and also engaged Independent consultants to conduct employee Morale Surveys to provide clear and untainted feedback on all issues.
Human Resource Management and Development

The company adopted a human resource vision which stated, in part, that the goal was:

“To create a family of employees within the TCL Group of Companies:

- Where individuals feel confident that they are participating, contributing, recognised and rewarded for the success of the Company.
- Where employees are valued as precious, special people, secure in the knowledge that the Company will at all times seek their long-term interests and be supportive in times of need.
- Where Health and Safety concerns are paramount and accidents are non-existent. Where the Company is concerned about employees’ family life and creates work systems and after-work activities to support this ideal.
- Where employees really feel that the Company sees them as individuals, encouraging self-development, growth, progress and advancement, not only in their careers but also in their personal lives.
- Where honesty, integrity, fair play, trust and respect abound and employees feel pride in their association with the Company and each other.”

Labour-Management Partnership

The main initiatives implemented were jointly conceived by the stakeholders and included:

1. Establishment of a forum encompassing all groups to identify and address company wide problems.
2. Workshops for managers to address the new requirements for relationship building.
3. Workshops for rank and file employees, sometimes with the participation of managers and supervisors to communicate the changed approach.
4. Re-establishment of a non-crisis forum.
5. Revision of performance standards.
6. A revised and new negotiating strategy that emphasised commitment to bilateral settlement and productivity bargaining.
7. Monthly departmental meetings and structured focus group meetings where managers were directly responsive to employee work teams.

Strategic Planning

The TCL group also provides a good example of the value and structuring of the strategic planning process across the subsidiary companies. Overall, the company establishes common policies in several areas - financial, human resource management, operations - in a framework that provides for unified training programmes, the sharing of in-house training programmes and the sharing of technical expertise.

An important element in the visioning and strategic planning efforts of the company is management's commitment to invest in involvement of and communication with workers’ representatives on the development of plans. Accordingly, as appropriate union leadership from the three main operating bases – Trinidad and Tobago, Barbados and Jamaica – come together to meet with management to consider company strategies.

Once the parameters are established, the local operating company is allowed a considerable degree of autonomy as they are companies in which public shareholding is also held. Strategic plans are prepared on a rolling three year basis. These plans are developed by the local company and budgets based on them are prepared for submission to the corporate headquarters firstly for input and suggestions, and then subsequently for consolidation into a comprehensive plan and budget for the company.

The derived plan and budget, reflecting both the local company requirements and the overall corporate strategy, are then submitted for approval by the local board – which includes members of corporate staff and of the parent board – and when approved are, finally consolidated and incorporated into the corporate plan and budget.

This level of interaction is facilitated by the manner in which the local board of directors is constructed permitting membership by local directors, group executive directors and parent company non-executive directors.
In 1999 TCL entered into a strategic alliance with Cemento de Mexico (CEMEX), the third largest cement producer in the world. In this alliance, CEMEX acquired 20% of the equity of TCL. The alliance was supposed to allow TCL access to CEMEX's strategic strengths. It soon became clear, however, that CEMEX had other ideas.

When TCL made its bid for Caribbean Cement (the Jamaica company) CEMEX put in a rival bid. CEMEX has since made two hostile bids to acquire TCL, the last in 2002. According to the by-laws of TCL no single shareholder can hold more than 20 per cent. The battleline came down to a shareholders' meeting to change the by-laws to allow a shareholder to be able to own more than 20% of the company.

The positions of the various stakeholders were telling. The Government of Trinidad and Tobago took a hands-off approach, arguing that the company was of not critical strategic importance to the country and therefore it was not necessary for any regulatory intervention. The Jamaican and Barbados governments were more sympathetic to the maintenance of local ownership. These governments were concerned about the impact on employment that the acquisition may have, given CEMEX's reputation for retrenching labour. The TCL Board was itself divided with some, especially those who were individual investors, advocating a sale to CEMEX with the possibility of significant short term profit-taking. The management of the company was against the take over by CEMEX, no doubt influenced by the likely loss of their jobs after the acquisition. The workers of the three main installations were all against the acquisition.

The workers argued that CEMEX had acquired an image for poor industrial relations, anti-unionism, worker exploitation and downsizing. They pointed to the experiences of CEMEX in Venezuela and Indonesia, among others, to make their case of CEMEX being anti-worker; this notwithstanding the efforts by CEMEX to make commitments to maintain levels of employment at all the plants. The workers feared that CEMEX would shutdown the manufacturing (where most of the jobs were) and market product from their plants outside of the Caribbean. The workers claimed that they just did not trust CEMEX to hold to its commitments.

In response to the hostile bid, union representatives from the Jamaica and Barbados installations converged at the Trinidad and Tobago headquarters and, in concert with management mounted a major defence. Interestingly, other unions which were not directly affected by the CEMEX bid also rallied to the company, threatening to withdraw their pension and other investments from any institutional investor which sided with the CEMEX bid.

The CEMEX bid was defeated.

It is clear that the joint efforts of the union in support of their company played a major role in this effort. The trust and goodwill which has developed between management and labour served management in good stead and probably staved off job losses that are normal after acquisition.

Building a Company Culture

TCL operates in three countries. These countries have different work cultures, operating environments, significant variations in industrial relations systems and different company cultures. Part of the challenge for the group therefore has been to establish a company culture that would be common in its essential elements across the operations. When the Barbados and Jamaica companies were acquired, each brought with it specific challenges.

The approach to building a company-wide culture was centred on a set of firmly held values and principles which were shared by management and labour. Every effort, however, was made to apply these values and principles in the context of the respective country. That the two acquisitions were quickly turned around from loss making to profitability is indicative of the validity of the company's approach to building a high performance culture.
Environmental Protection and Corporate Citizenship

The manufacturing companies of the TCL Group - Trinidad Cement Limited, Arawak Cement (Barbados) and the Caribbean Cement Company (Jamaica) - have devoted considerable attention to the necessity of maintaining a clean and healthy environment both for their workers and for the nearby communities in which they operate.

For a long time, the operations of these companies generated large volumes of dust on site and affected all who lived in the area or had to drive or walk past the factories. Although the material being processed produces dust, the company has implemented a number of measures in all of its operating locations to mitigate and significantly reduce the threat to health and discomfort produced. The installation of covered conveyor systems and a heightened concern that has developed among the workers for the environment has led to remarkably clean and dust-free operations at all locations.

This goes hand-in-hand with the improvements that have been introduced as part of the process of upgrading human resource management and development and increasing productivity.

Performance and Results

In defining its expected outcomes, the company established certain qualitative targets relating to the quality of the relationship between management and the union and the employees. These included:

• The creation of a work environment with significantly reduced hostility and moving towards industrial peace;
• Empowerment of the workforce to take ownership of the plant, thereby improving plant availability, efficiency and productivity which would ultimately sharpen the company's competitiveness and positively impact its bottom line; and
• A collective bargaining process and an industrial relations climate that would be characterised by trust and good faith leading to win-win bilateral settlements within shorter time frames.

The company conducts annual employee satisfaction surveys. The survey results have shown some fluctuation resting in 2002 at 58.43% after reaching a high in 1997 of 65%, compared to 52% in 1996. This represented a significant increase in overall employee satisfaction as a result of the implementation of the new approach to industrial relations management and the company's human resource vision.

Negotiations for new collective agreements in 1997 and 2000 were completed within a record 3 months of commencement without disruptions or external intervention.

Plant efficiencies and availabilities have averaged over 90% between 1997 and 2000.

Cement productivity has increased by over 50%.

Employee earnings and real income have risen appreciatively over the last four years in terms of rates of pay, bonus awards and employee share ownership.

The rate of absenteeism has fallen to less than 10 days per year per employee.

There has only been one instance of industrial action in the 1996 – 2000 period, and that did not lead to any loss of production time.

By March 1997 45 of 47 disputes that had been long outstanding in 1995/96 had been resolved. Since then, no new disputes have been reported to the Ministry of Labour or referred to the Industrial Court.

Workplace disruption reduced
Cases from Manufacturing: Cigarette Company of Jamaica

Cigarette Company of Jamaica

Union Recognition - Strategic Human Resource Management - Building Social Capital - Socially Sensitive Enterprise Restructuring - Strategic Planning - Corporate Citizenship

Company Background and Description

The Cigarette Company of Jamaica (CCJ) is a member of the Carreras Group of Companies of Jamaica. The company was originally a joint venture between the Carreras Group and Rothmans international tobacco company that operated as a virtual monopoly in Jamaica for some time.

The company later became vulnerable to competition particularly from the cigarette company in Trinidad & Tobago – The West Indies Tobacco Company - which was a member of the British American Tobacco (BAT) international group of companies. The subsequent acquisition of Rothmans by BAT at the international level has resulted in the company becoming a member of the BAT Group and an associate, rather than a competitor of the Trinidad Company. The company is now part of a regional grouping, with the consequent impact on its business strategies.

CCJ currently employs about 170 employees, a significant reduction from the 400 employees that existed in the mid 1980’s. Two trade unions have bargaining rights – the Bustamante Industrial Trade Union (BITU) represents hourly paid workers at the plant and the National Workers Union (NWU) the clerical and supervisory staff.

Challenges

The company has faced a number of significant challenges in the past several years, including:

- Market competition first from regional, and then illegal local alternatives and illegal (duty-not-paid) imported supplies;
- Continued tax increases in the face of declining market demand;
- The effects of the international controversy over the harmful effects of smoking;
- The merger between Rothman’s BAT.

Responses

CCJ adopted a number of strategic responses to meet the challenges that it has faced. They include the following:

- Approached the market from the perspective of a regional company that has access to product and resources from other sister companies;
- Adopted a comprehensive human resource strategy as an essential part of its overall business strategy.
- The human resource management and development strategy is intended to create a new generation of leaders and a more creative environment, and included:
  - Recruitment and skill development
  - Compensation management
  - Team building
  - Communications with employees and their unions, including providing avenues for non-crisis communication
  - Separation management programme
  - Emphasis on health consciousness
- Shift focus of emphasis from manufacturing to marketing and service;
- Voluntary adoption of restrictions on advertising and marketing
- Development of anti-tobacco educational programmes,
- Maintaining support for community development and sports activities;
- Develop a greater emphasis on customer service and product quality.

All of these elements have been integrated into a comprehensive strategic plan that encompassed the company's strategies in the areas of marketing, information technology, finance and financial management, and human resource management. The strategic objectives derived from the planning process are also shared with the unions and help to form the basis for negotiations on wages and working conditions.
Strategic Human Resource Management

The company clearly identified that a strategic approach to human resource management, development and administration was the primary requirement for dealing with the critical issues that it faced, and has been following such an approach since 1996. Under this approach, it has set out to achieve the following objectives:

- Create an environment within which all parties could engage each other, build trust and produce satisfactory results.
- Ensure a stable working environment in which the unions and the workers would become partners in achieving the company's overall objectives.
- Develop leadership among workers and create an innovative environment;
- Ensure the virtual absence of disruptive industrial relations issues;
- Upgrade the base level of education and skill of all employees;
- Achieve significant increases in productivity even while there has been a reduction in employment levels;
- Create the cultural change from a manufacturing orientation to a service orientation;
- Manage the separations that were required;
- Develop an environment at work that focuses on worker health and welfare, on safety and on the hazards of smoking;
- Improve the focus on customer service and product quality;
- Develop and maintain a reputation as an employer of choice.

The company employed a number of human resource strategies in seeking to achieve these goals. These may be classified as follows:

- Strengthening union recognition
- Collective bargaining and communication for negotiation and objective sharing;
- Employment security
- Building Social Capital.
- Skill development and training;
- Compensation and succession planning;

Collective Bargaining and Labour-Management Partnership

The company has enhanced its collective bargaining process through strengthening its processes for interacting with the union and improving communication with its workers and their representatives. It has explicitly provided for the recognition of the unions for the relevant categories of workers by the company, the rights and responsibilities of the employer, and those of the Union.

It has consistently shared with the Unions its vision and strategy, including providing exposure to developments in technology and social issues in the international marketplace for tobacco products. This sharing of objectives has had a significant impact and has simplified and facilitated the conduct of negotiations.

Renegotiations of the terms and conditions of work and of wages have been conducted promptly and concluded in good time, and have not been allowed to become matters for industrial conflict and problems in their own right.

Promoting Employment Security

The creation of security of employment depends on a number of factors that relate to human resource development, personnel administration, communication and training that help to motivate employees and create in them a sense of comfort that the security of their jobs may be subject to identifiable economic and business conditions and not to the irrational behaviour of management. The approaches employed to create an environment of security of employment at CCJ have been quite diverse and include:

- Developing and maintaining training and development programmes for staff and supervisors to provide them with technical, supervisory and management skills;
- Developing succession planning. This includes designing a profile of the ideal worker for each position and using testing systems to select the most suitable candidate.
• Developing a system of climate surveys.
• Developing a comprehensive human resource plan.
• Utilising performance based systems for measuring and rewarding performance.
• Encouraging discussion, teamwork and consultation in solving operational problems.
• Developing counselling services to provide support for employees when there is a need to reduce numbers.

Building Social Capital

CCJ recognised that it needed to find means of addressing some of the concerns of its employees that were not directly related to their jobs, but could nevertheless have had significant impact on their job performance. In this regard the company implemented a number of measures as part of its overall strategy:

• Developing programmes for educational assistance and company sponsored training.
• Developing retirement considerations for workers.
• Developing health insurance plans that cover families of workers.
• Building social relationships by education support programmes for the children of employees.

The company also sought to address other personal issues faced by its workers, and for example, developed a programme of assistance with the education of the children of workers that was linked to certain performance targets such as targets for conversion cost. The savings that were realised from achieving the performance targets were partly utilised to fund the education assistance programme.

Human Resource Development for Customer Service

In moving to a focus on marketing and service orientation, the company needed to ensure that its employees understood the new requirements and developed the requisite skills to deliver on the new objectives. It achieved this through a comprehensive training and development programme that included interventions by consultants to introduce staff to changes taking place in the global market and to the need to create and add value to customers. New professional skills were also needed and these were obtained by training as well as a judicious programme of introducing new staff from outside.

In addition the company has made use of its Regional orientation to give staff opportunities to share their skills and experiences with sister companies.

Compensation and Succession Planning

The company needed to provide for the recruitment of new skills and of new leaders while ensuring that its staff was well compensated and that there were ample opportunities for growth and for promotion from internal sources. Consequently a compensation strategy was developed that sought to ensure that CCJ, while not necessarily the market leader, provided compensation in the seventy-five percentile or better among peer companies in Jamaica.

As regards succession planning, the company developed profiles of the ideal worker in each position and recruits with the assistance of testing methods to help in selecting the candidates with the best fit. The company then ensures that at least 80% of its promotional opportunities are filled from within.

Socially Sensitive Enterprise Restructuring

The strategy adopted at CCJ also focuses on the development of social support systems for staff but includes measures designed to support members of staff who were subject to involuntary termination as well. In addition, in the particular circumstances that the company faced regarding the issue of smoking and health, it has also adopted programmes targeted at the wider community and at young people in particular.

The company had embarked on a strategy that significantly changed the nature of its approach to business and consequently the type and quality of employee that it required to fulfil its vision.

• The separation management programme provided that the company may give as many as two years of notice of scheduled reductions, and would accompany this with a number of meetings with both staff and unions in which the issues that were at stake were identified and the business strategy was explained.
• To help employees adjust to the new environment and their impending terminations, programmes
included counselling and financial advice in setting up new businesses and the funding of new opportunities.

- The Programme also included a seminar on “Life Beyond Redundancy” one of the objectives of which was to create among the workers to be terminated an awareness of business opportunities that might be available.

Corporate Citizenship

In addition, the company needed to deal with the potential fall out from growing international concern about the danger that smoking poses to health, and from the large number of legal challenges that tobacco companies, including the parent companies of Carreras were facing.

To deal with this issue, the company took a very active stance in interacting with its local community. This included maintaining a strong support for sports development, especially football, as a means of maintaining healthy contact with young people. At the same time, the company has funded a programme, in collaboration with other agencies, to spread the message to discourage tobacco consumption, particularly by children. The company supported community programmes in sport and in education on the dangers of smoking.

The company has also observed self-imposed restrictions on media advertising in Jamaica, and has rather depended on an improved focus on customer service to build customer loyalty and maintain market share.

Performance and Results

The company has earned a reputation as being among the best employers in the country and its compensation ranks in the 75th percentile of the top 12 to 20 companies in the country.

Management has indicated significant satisfaction with the results of their strategies.

Productivity continues to increase even at times when the company had been engaged in negotiations or in the active reduction of staff. The result is that in 2000, the company reported a 54% increase in productivity measured in terms of output per man-hour. These results have been achieved while employment at the plant has declined from approximately 400 in the late 1980’s to the current level of approximately 170.

In addition the company points to the success of its production teams in implementing mechanisation, rationalising production and increasing production with declining numbers.

Overall, the company has been able to maintain and improve its record of profitable operations.

Cases from Manufacturing : Harris Paints


Background

**Harris Paints** is a medium-sized, private company that manufactures paints with headquarters in Barbados and associated operations in Dominica, St. Lucia and Guyana. The company employs approximately 86 persons in Barbados who are represented by a single union, and approximately 75 persons in its other regional operations. It does not have a formal human resource management department, most human resource management functions are handled by the office of the General Manager. The company operates in a relatively mature market for its paint products in Barbados and has sought to reshape its approach to its business.

Challenges

The primary motivator for organisational and culture change appears to have come from the fact that the company was conscious that its main market in Barbados was maturing rapidly and was in any event open to competitive imports. In order therefore to continue to survive and do well it had to review is business and to adjust to the changes in the market.
Secondly, a union winning bargaining rights and its challenge to the company to develop systematic salary and pay structures and to rationalise and document human resource management policies.

Thirdly, the company decided, as a manufacturing company with significant export operations or aspirations, to achieve ISO 9000 certification. This had implications for its approach to training, the qualifications of its staff and for documentation of work procedures.

Response
Managing Culture Change

The company set out to make the changes in management and organisation culture, including adjusting to the presence of union representation for the first time, in a systematic, planned manner. The strategy rested on a number of planks.

Firstly, the company immediately accorded recognition to the union and started addressing the concerns of the union in respect of rationalising the salary and pay structure and documenting human resource policies and procedures based on the industrial agreement. This has resulted in a new industrial agreement and the publication of an employees’ handbook setting out those policies.

The company developed a new approach to human resource management by addressing issues such as:
- The creation of a contributory pension plan for all employees.
- Establishment of a medical plan.
- Incentive schemes
- Creation of a sports and cultural club

Human Resource Management
The company needed to develop transparent policies and procedures for human resources management. These included:
- A system of job classification and specification, in which it created several job grades and defined the qualifications required for each job and for promotion to different grade levels.
- Job evaluation procedure and process
- A performance appraisal system was established.
- Career path definition and clearer perspectives by employees on their potential for future growth and promotion.
- A training programme that was not only skill based but has begun to address such concerns as motivation and personal self-development.

Quality Improvement and Certification
The company embarked on an effort to secure ISO Certification which had a generally positive impact on the management methods of the company:
- The ISO process required the documentation of operational policies and procedures, the adoption of performance standards of international level, and a greater emphasis on customer service and customer satisfaction.
- The ISO process encouraged the company to consult more with and to include shop floor workers in the process of organising and documenting job procedures.
- The participation of the workers in this process has been a significant boon to the company.

Partnership and Communication
The process of communication has also been broadened to include holding regular staff meetings at which staff may report on performance, discuss problems, review the work of internal committees such as the health and safety committee, introduce new employees and discuss the company’s community efforts, such as its involvement with the Cancer Society. In addition, management now formally holds monthly management meetings, partly in an effort to better understand the business processes, and to monitor success and progress of the one-year work plans that they now utilise.
Performance and Results

The company is still in the process of developing some of the approaches outlined here, and expects to earn substantial rewards in the next few years. For the present, it has achieved:

- The process of unionisation without disruption.
- Management has overcome their concern that the process of unionisation would have made it difficult to manage effectively.
- The company also reports significant improvements in staff morale and productivity as a result of the changes that have been implemented.
- Two collective agreements have been concluded with reasonable cordiality.

Cases from Manufacturing: Banks DI H Ltd

Background

Banks (DIH) Ltd. is located at Thirst Park on the East Bank of Demerara and was established in 1956, as a new privately owned company to brew and bottle Banks beer and was the first Company to secure the franchise to bottle Pepsi Cola. The Company is now in the Beverage, Financial Services and Food Processing Industries.

In 1957 Banks (DIH) went public, soliciting financing from anyone who was willing to invest. This was because the Chairman and Owner of the company could not convince it's Financiers and Bankers that moving into the beer industry would be a profitable venture. Today, one out of every fifty Guyanese parents, grandparents and great grandparents own shares in Banks (DIH) Ltd. The company has a shareholding of twelve thousand (12,000) of which 20% is owned by workers and operates a very tall organizational structure.

Banks (DIH) Ltd.’s core business operations are rum blending and bottling, while it manufactures a variety of products and alcoholic beverages including the franchise for Coco Cola, Guinness Stout. It is also Importer/Distributorship for a variety of similar products such as Johnny Walker products, Heineken Beer, Absolute and Smirnoff Vodka. The staff strength is 1,650 and its markets are local, regional and international. One of its products Banks Beer is brewed and bottled in the United States and Canada based on contractual agreements. The Company diversified its operations in the last five years into restaurant services and Banking. It now holds the majority shares in a competitive commercial Bank.

The Company is unionized the General Workers Union (GWU) representing all categories of employees except management. Union membership is approximately twelve hundred (1200). The General Workers union has been representing Workers at Banks (DIH) Ltd, for over thirty-nine (39) years. There have been 3 work stoppages in 20 years, the most recent being five years ago of one-day duration when the Union bargained for a 40% wage increase. This was resolved within twenty-four (24) hours and workers were back on the job.

Strikes of short durations, usually of one day, occur from time to time in the Regional Areas where the Company has its Distribution Centers. Often these strikes occur because of Regional Manager/subordinate relationships. In 2002 there was a strike in a Region (Linden) and the matter was dealt with swiftly, the outcome of which was that the Manager lost his job. Management is aware of the cultural behavior patterns and norms in the various Regions and together with the Union pay particular attention to their Distribution Centers.

The Company was founded on a culture of ‘the family’ which the original owner strongly believed in, and today the Company struggles to keep that culture, as the new workforce is not able to relate to the family. Management complains that most of the new employees have exhibited poor work ethics, value systems and indiscipline. This prompted the Board of the Company to appoint a Manager as Human Resources Director since he was also an ordained Minister in the Anglican Communion. Unknowingly, the Company then had brought spirituality into the workplace. This new concept of ‘spirituality in the workplace’ is gaining popularity in organizations and some organizations have deliberately hired Chaplains from any religious background to counsel employees on life issues and challenges. This single act of choosing the right man for
the job, has turned out to be advantageous for the Company since employees feel comforted knowing that they can discuss all of their problems, receive counsel and advice, and have it remain confidential.

The Company also faces the reality of the Guyanese phenomenon: “Employee in Waiting”. This is now present in every industry in Guyana. “Employee in Waiting” refers to those employees who have applied for permanent visas to live and work in North American Countries, and rather unfortunately for the Company, most of them are the most valuable professionals and skilled employees. The Company loses an average of 8 skilled and professional employees annually due to this phenomenon and has to work twice as hard to remain productive.

**Strategic Planning**

In 1990, the Company laid out a strategic plan in accordance with the Company’s mission which states: We are committed to building on our Traditions of Excellence by providing Quality Products and Services, Financial Results and Management Performance that meet the interests of our Shareholders, Employees, Customers, Suppliers and the Communities in which we operate.

The Plan, with modifications, provides the framework for the Company’s Human Resource Management Strategy. The following were key planning issues, and task and activities identified by the Board of Directors.

**Planning**

- Create maximum employee satisfaction
- Become customer focused
- Emphasize quality, high technical standards and maximize the use of information technology
- Maximize productivity and efficiency

**Tasks**

- Re-emphasize the culture of security and the concept of family

**Activities**

- Revive and reconstitute the Industrial Relations Board

**Strategic Human Resource Management:**

At Banks (DIH), Human Resources Management is represented on the Corporate Board. The Company has showed a direct link between good Union Management relations and workplace performance. Management through the exhibition of a high degree of trust, worker participation and high moral standards have been able to have non-adversarial relations with the Union and work together to find ways of satisfying their respective and clearly understood mutual interests.

The Company established several human resource management components that were designed to support the overall corporate objectives. These strategies were:

- Develop employee capabilities
- Develop effective managers
- Enable high performance and share success
- Collective bargaining

**Human Resource Development**

As result of the rapid changes in the way work is performed Banks needed the adoption of new skills and capabilities at all employee levels. The Company benefited from the association with franchise operators, which brought new technology and management techniques to the operation. From this relationship, the Company was mandated to embark on a process to become part of the Total Coca Cola Quality Assurance Systems (TCCQS), which is equivalent to the ISO Certification. The development of this quality process impacted on the worker at every stage in the process from the acquisition of raw materials to the production of the end product. This resulted in establishing training programmes for all levels of staff that were conducted locally and overseas. Today the entire bottling plants are highly computerized and automated.
At the level of the semi-skilled worker, the company has confessed that it has been difficult to get them to understand the basic concept of work ethics. The company therefore instituted an "After School Programme" in conjunction with the Institute of Distance and Continuing Education to train its workers both semi-skilled and skilled. Management also identifies persons in each Department who are receptive and are academically inclined and encourages them to go back to school. They are enrolled in Correspondence Courses, Technical Institutes and Accounting Schools. Upon successful completion of their programme a refund of 50% of the total cost is made.

The entire administrative system of the Company and its Restaurant Divisions are now computerized and employees no longer receive cash salaries and wages every fortnight. Workers now have to use ATM cards and for convenience a Branch of the Bank where the Company has a majority share is located on the Company's premises. Changing workers attitudes and habits about banking was a challenge, and workers were reluctant to use the banking facilities. However, with the help of the Union and communication of the benefits of such a practice workers have been encouraged to fully participate.

**Development of Managers**

The need for succession planning became evident as the Company grew and the need for high-quality management talent increased, as Managers were needed to manage new products and services, technological advances and global business activities and alliances.

Management therefore, is committed to succession planning and established a Scholarship Scheme in 1990 where candidates with the best development potential are selected. Engineers, Quality Control Officers, Stores Officers were the first beneficiaries of the programme. Today, those who benefited from these programmes are now running the bottling facilities and are dealing with high technology.

**Gain sharing and Enabling High Performance**

Management has recognized the need to enable employees to perform effectively, as well as the need to measure and reward performance. Therefore, Managers are involved in empowering workers to act and provide needed resources, coaching and counseling. All operational policies and procedures are documented and personal communication is encouraged. Management seminars are held continuously to stress the importance of the concept of the family and people looking out for each other.

An incentive programme based on achieving targets has been established and has three ranges - 25%, 35% and 40%. However, due to the instability of the business environment, most workers are paid at the 25% level. Workers had to understand that if targets are not achieved, incentives would not be paid even though the cause of lower sales is as a result of the downturn in the economy.

**Communication**

Management operates an open door policy and staff members have the right to see their managers and Directors any time.

A Worker Management Participation Board was established to replace the Industrial Relations Board. The membership of this board consists of 11 employees who are elected by their fellow employees in the different Departments to serve for a period of two years. A member of this Board is then elected by the members to serve on the Corporate Board of the Directors where policies and decisions that affect staff are formulated.

**Union Management Relations and Collective Bargaining:**

Management has been able to establish a working relationship with the Union that is non-adversarial and joint-problem solving by establishing trust and exhibiting a high degree of morality. Interest-based bargaining takes place where the focus is on the interests that underlie the positions taken by the parties. Negotiations are conducted promptly and emerging problems are dealt with expeditiously The flow of communication is enhanced and in the true team spirit Management makes available certain financial documents including sales planning and forecasts to the Union.
Employee Welfare and Building Social Capital

Among the external changes that generate human resource issues, the most visible are demographic and social changes which Banks (DIH) Ltd is experiencing as discussed earlier. The Company adopted several approaches to enhance worker satisfaction as part of its Human Resources Strategy.

- The Company operates a Sports Club for its employees and each staff member is allotted a five-pound box of biscuits monthly.
- The Human Resources Manager visits homes of employees who have domestic disputes to give advice and counseling free of charge.
- The Company offers a compulsory Saving Scheme of 2.5% of salary in an interest bearing account and every one dollar is matched with one company dollar.
- The Company engages in several community assistance programmes, for example, modernization of a Laboratory in a secondary school in its community in addition to philanthropic giving.

The Company also has a Non-contributory Pension Scheme which is effected after 10 years of service and a Medical Insurance Scheme which is contributory but covers the employee and his/her immediate family to the tune of 80% of the cost.

There is a compensation package where every month each employee including Management receives a Condition of Employment (COE) allowance. A Performance Management System evaluates workers twice a year and promotion and increments are made once a year.

Future Challenges:

The Company faces the increasing cost of production based on increase tariffs for electricity and costs of raw materials. In addition, the shift in consumption pattern from glass to pet products (plastic bottles) has caused an increase in the cost of production for glass because of the lower volume demanded.

Results:

These approaches have had a positive impact on worker relations with the Company and are reflected in the high level of productivity and commitment among its workforce. Some elements which demonstrate the commitment of the company and that the approach has not harmed its operation are:

- HR is represented on the Corporate Board of Directors
- The company has improved the quality of its products as evidenced by the winning of 5 medals: 4 gold and one silver for five different product categories in the Monde World Selection Completion in Beverage and Liquor Products held in Brussels in 1998.
- Increased productivity.
- A higher degree of worker participation and the feeling of partnership and trust.
- Increased satisfaction of its shareholders as evidenced by the annual dividends paid out twice yearly.
- The Management of Banks (DIH) Ltd. has established trust, respect and exhibits a high degree of morality. These three values are instrumental to having a win-win partnership with the Union
- Banks (DIH) has experienced demographic and social changes over the years and have adopted unusual strategies to curb the situation. The results have reflected a high level of productivity and commitment of the workforce.
CHAPTER 5

Section: Cases from Services: Republic Bank Ltd

Union Recognition - Labour-Management Partnerships - Communication - Changing Management Culture - Improving Customer Service

Background

Republic Bank Ltd. is the oldest continuously operating Bank in Trinidad and Tobago, having been established as Colonial Bank in 1837 and traded subsequently as Barclays Bank. It is one of the largest banks in the Caribbean with operations in Cuba, Grenada and Barbados. As a result of a government-sponsored localisation process of the financial sector which began in the early 1970s, Barclays International divested itself of interest in the bank to the point that it is now 100 per cent owned by local and regional investors. Republic employs more than 2,000 persons at its base in Trinidad and Tobago, these operations are the focus of this case study.

During the late eighties and early nineties the bank developed a reputation for acrimonious labour-management relations. It was able to garner the reputation as the first (and so far the only) bank in Trinidad and Tobago to be hit by a strike. It had a significant number of unresolved disputes with its union.

This situation was further complicated by an intense struggle between the management and traditional shareholders on the one side, and the Bank’s single largest shareholder, CL Financial on the other. CL Financial had acquired the residual interest of Barclays and thereby controlled more than 40% of the Bank’s equity.

The circumstances of the bank were made even more difficult when the Bank decided to acquire the local operations of the Canadian Imperial Bank of Commerce (CIBC), which traded in Trinidad and Tobago as Bank of Commerce. CL Financial strenuously resisted this acquisition for a number of reasons, including the view that it was an attempt to dilute the CL Financial shareholdings.

Matters came to a head when successive CEOs of the old guard retired in quick succession. The replacement issue became especially acrimonious with CL Financial rejecting the Board’s initial candidate. Eventually, a candidate acceptable to CL was appointed.

Challenges

The bank identified its strategic challenges as follows:

- Reengineering
- Operational restructuring
- Integrating the merged operations and cultures of RBL and CIBC;
- Meeting the challenge of global competition in an environment where technology allows access to financial services from providers all over the world;
- Satisfying the changing needs of its customers;
- Implementing and adjusting to the technological changes that impact on the nature and quality of the work force, work processes and organisational structures.

Response

Republic’s response to these challenges can be summed up as “Investing in people” and was built on four pillars:

- Employee involvement
- Employee satisfaction
- Training and skills building
- Bank-union partnering
Changing Management Culture

As noted above, the climate at Republic Bank was acrimonious with management and the union planning in advance how to secure advantage over each other. In this environment, the Bank could scarcely expect to achieve the repositioning that was necessary to respond to the challenges identified. It was necessary to change the culture of the organisation and, in this regard, management recognised a need to start with the management culture. The new management of the bank was quick to realise that these challenges could only be effectively met by a partnership between management and workers and their representatives. The bank therefore embarked on a strategy that has five dimensions in the effort to successfully meet these challenges. The principal elements of this strategy are:

- Securing employee involvement through a process of information and communication at all levels of the bank.
- Improving employee satisfaction through the implementation of benefit sharing schemes, a performance management system and career development initiatives for staff.
- Continuous training for managers, supervisors and general staff.
- Bank/Union partnering.
- Technological changes in which the bank initiated the implementation of new state of the art technology for its core operations. This project is having impacts on the structure of the organisation, the training needs of its staff and on the possibilities for improving contact and interfacing with customers.

A basic tenet of the bank’s guiding philosophy summed up by the CEO as:

“Any action by the bank that leads to increased employee satisfaction also leads to increased customer satisfaction and ultimately to increased shareholder value”.

This philosophy has helped to define the strong people-oriented approach adopted by the bank and has also provided it with a mechanism for managing all of its challenges, including those presented by the merger. All of its activity therefore focuses on the human resource – the major resource of a service organisation such as the bank.

Labour-Management Partnership

The bank recognised that the achievement of its strategic goals required a change in the often combative and adversarial relationship between the management and the unions and the employees. As a service provider, the key to its success lay in the capacity of its staff to identify and service the needs of their customers efficiently and effectively. The technological platform of the bank's strategy is one element in achieving that objective, as are the other elements of training, increasing employee satisfaction and obtaining the full involvement of all workers.

However whatever the gains that could have been achieved by these approaches, they threatened to be unsustainable if the contentious relationships with the unions were not better resolved.

The bank undertook a number of initiatives to create and cement a partnering relationship with the unions.

- Reoriented its view of the role of workers’ representatives;
- Resolved all outstanding disputes at the Industrial Court.
- Instituted a process of continuous consultation through a monthly non-crisis forum with the unions/employees. The Bank's labour-management partnering has been based on a strong platform of communication; this includes a meaningful open door policy with unions, including visits, meetings and telephone calls.
- Established a number of bank-union standing committees in areas such as job evaluation, profit sharing, pension plan, uniforms and health and safety.
- Organised a number of industrial relations workshops either jointly with or with the participation of the unions.
- A number of industrial relations seminars for managers, shop stewards that have either been jointly sponsored or have involved the participation of the unions.
- Facilitating visits by the union to all branches.
Communication

The experience of Republic Bank represents a very comprehensive approach to managing the system of communication within an enterprise and demonstrates the extent of effort, involvement and commitment that is sometimes necessary. It also demonstrates the importance of trust, transparency and mutual respect.

In pursuit of the Bank's guiding philosophy, which states that any action by the bank that leads to increased employee satisfaction also leads to increased customer satisfaction and ultimately to increased shareholder value, the bank built a strategy on four people-centred pillars. The four pillars are employee involvement, programmes aimed at increasing employee satisfaction, training initiatives and bank-union partnering.

The first pillar, employee involvement, derives from management's view that a key requirement for dealing with the challenges confronting the bank is to gain and maintain the commitment of its employees. This requires keeping them informed, on a regular basis of developments and changes in business conditions and approaches, and continually keeping the channels of communication open.

To do this the bank employed a number of mechanisms, with success. These include:

- A Leadership Forum in which supervisors and managers meet once a year to identify breakthrough results for the bank, the outcomes of which are also shared with the rest of the staff.
- Staff Forum which is held once every three years as a general staff meeting to collectively discuss the vision and direction of the bank.
- Straight Talk Sessions which are a series of monthly focus meetings where a cross section of staff from all areas of the bank meet with members of senior management to discuss issues.
- Branch Visits by members of the bank's executive team who individually make annual visits to all the branches and offices, at which time they may engage in general or in one-on-one meetings with staff.
- Staff Suggestions. The bank has instituted a Staff Suggestion Programme called “Pen to Paper” which encourages and rewards employees to actively review work processes and to suggest improvements.
- Employee Satisfaction Surveys. An annual survey is conducted among staff to obtain feedback from staff on their level of satisfaction on matters of importance to them and of relevance to the work environment, including rewards and recognition, job autonomy and the vision and direction of the bank. The results of these surveys are fed back to staff and to the action plans for improving weak areas.

Performance and Results

Both the bank's management and the unions appear to be quite happy with the results that have been obtained from these efforts. Among the most note-worthy are:

- The resolution of over 30 long-outstanding disputes at the Industrial Court.
- The settlement of four collective agreements in a 4-year period, in a timely fashion and without third party intervention.
- It has been estimated that more than 100 trade disputes were averted as a result of the work of the teams at the non-crisis forum.
- The bank was voted “Employer of the Year” by one of its unions.
- The bank has continued to increase the level of its profits consistently over the last five years.

The fundamental story of success for the bank has been the elimination of acrimony in its relationships with the staff and the unions due to the culture change. As a consequence the Bank has been able to successfully pursue its other business strategies without disruption in its operations that may have been caused by lack of trust, industrial disputes and employee dissatisfaction.
Section: Cases from Services : Shipping Association of Jamaica

Strategic Human Resource Management - Labour-Management Partnering - Gain sharing

Background

The Shipping Association of Jamaica is a registered employers’ trade union, and has operated as such since 1939 in response to the organisation of port labour by trade unions in that significant period of history. The membership of the Association numbers 64 and includes shipping agents, ship owners and operators, wharf owners, stevedoring companies, freight consolidators and companies providing allied services to the industry.

The role and function of the Association is to regulate the supply and management of port labour at Port Bustamante, Kingston. In doing so the Association establishes unity among its members in rates and remuneration for port labour.

In 1998 the Association sought to introduce a number of changes in the management of the labour force. These changes were designed to improve the competitiveness of Jamaica as a port of call for shipping lines. The process of achieving these changes required the intervention of a Board of Enquiry that was appointed by the Government to consider the positions of the Association and the union on account of the fact that the parties were unable on their own or through conciliation at the Ministry of Labour, to arrive at an agreement.

Challenges

The main concern for the Association has been the threat posed to the business of the Port Bustamante by neighbouring ports. Port Bustamante had developed a substantial business and reputation as a transhipment port for which it is in competition with nearby ports in Panama and Puerto Rico, among others. Income and employment at the port was therefore very sensitive to the level of calls by ships and freight unloaded. In 1998, for example, one of the shipping lines that threatened to withdraw if the cost of using the port was not reduced accounted for approximately 13% of the revenue of the port.

Globally the structure of the industry was changing. As a result of mergers and acquisitions there were fewer shipping lines and increased bargaining power on the part of the consolidated lines. This left ports in a weaker position.

The challenge therefore was to reduce labour costs – the Port Authority was also implementing strategies to reduce other costs at the port – without disrupting operations. This meant that the Association needed to win the trust of the union and the workers who felt that the proposed changes threatened to cost them considerable earnings.

Some of the labour-management issues were:

- Non-competitive practices included:
  - Automatic premium pay for Saturdays and Sundays
  - Large gang size
  - Generous vacation leave benefits
  - Transfer premium in same shift period
- Industrial Relations Climate
  - Combative industrial relations
  - Suspicious nature of the relationship
  - Poor communication
  - Refusal to accept the need for changes

In understanding these challenges, both the union and the management were clear that the traditional bargaining methods were unsuitable and that it was necessary to find new mechanisms for the relationship in order to effect the necessary changes. Indeed the union was faced with the additional challenge that while the leadership was clear about the need for change the membership was not. The union leadership therefore had to bring its membership along for the change process and actually wrote it into the collective labour agreement.
Response

The response of the management was to prepare a “climate for change”. This had five elements to it:

- Communicate the need for change to both workers and their representatives and maintain an open line of communication and present the facts
- Combat resistance to change
- Keep workers abreast of industrial developments
- Conduct benchmarking activities by visiting other ports, including exposing workers to these benchmarks
- Ensure transparency in approach to resolve problems or issues.

Even with these preparations the union could not be brought on board. When the decision of the Board of Enquiry was made, there continued to be resistance. The management remained convinced about the need to have the union and workers as full partners in the process. The strategy to achieve this included:

- Increased communication by management and the union
- A commitment on the part of management to ensure that there was greater tolerance on the part of supervisors and managers during the transition period.
- Creation of structures and encouragement of feedback.
- Commitment to carry out all agreed undertakings.
- Keeping partners informed at all times of developments.
- Engage in activities which could motivate staff and cause to see that they had a positive stake in the changes.

With a relatively short period of the decision of the Board of Enquiry, the management's conciliatory strategy paid off and workers and their representative entered into a meaningful partnership to change the corporation.

Rebuilding Trust and Establishing Management-Labour Partnership

Although the Association was not successful in negotiating directly with the union, the Board of Enquiry endorsed the most critical of the proposals that the Association had presented. Notwithstanding this, the Association still set about to develop the level of trust with the union that was necessary to successfully implement the recommendations of the Board of Enquiry, in other words, having won at the board, the Association recognised the need for building an open and cooperative relationship with the union.

This involved providing opportunities for union representatives to visit potentially competing ports in order to understand their operations, the performance benchmarks that the local port should aspire to, and to understand the competitive threat facing the port.

Strategic Human Resource Management and Development

The company took a more systematic approach to the development of its human resources. It created a process for developing a career path system for staff. This was coupled with associated training programmes to ensure that existing staff had an early call on positions in the company.

Revision of the Reward Structure

The company undertook a complete overhaul of the compensation structure that existed. The elements of this comprehensive strategy in compensation management included:

1. Buying out accumulated benefits and introducing a new benefit structure.
2. Introducing a worker incentive scheme with provision for sharing the incremental gains from year to year with workers.
3. Introducing an organised pension scheme
4. Introducing a medical scheme that includes primary medical care provided by an Industrial Nurse, annual medical examinations and drug testing and drug rehabilitation.
Communication

Central to the maintenance of the transformation process at the Port was a communication strategy. The Port's strategy had four simple elements to it:

- Communicate continuing changes in the industry
- Communicate developments at competitors
- Constant communication to ensure the full understanding of the change

The strategy was implemented through formal meetings, creation of a newsletter and rap sessions.

Results

The approach laid the basis for a co-operative relationship between the union and the Association and resulted in:

- The acceptance by the union and workers of the changes that needed to be made
- The full cooperation of the union in implementing the required changes.
- The Association has been able to share benefits from its operations in the financial year 2000
- Significant changes in work rules have been implemented without disruption, dispute or lost time.

The result of this new relationship has been seen in the operation of the port:

- Reduced size of gangs (greater efficiencies)
- Increased volume handled by container terminal (increase of more than 25% in two years)
- No jobs were lost as a result of the restructuring
- Productivity incentives maintained
- Compensation for benefits lost
- Increase in efficiency at break bulk terminal
- Increased competitiveness of the Port
- Improved communication between labour and management
- Parties committed to working together to continuously improve the relationship.
- New shipping lines using the Port.
- New motivation as a result of new lines using the port.

Section: Cases from Services : National Housing Trust Jamaica


Background

The National Housing Trust is a financial trust institution, established by Act of Parliament, with a mandate to invest in the development of housing, housing estates or other residential developments. It is funded by statutory deductions from employers and employee wages at the rate of 2% of wages and salaries for employees and 3% from employers. At the end of an 8-year period, employees are entitled to a refund of their accumulated contributions.

The trust makes loans to potential homeowners for the purchase or construction of their residences. As well, it may lend to or invest in the development of residential housing estates.

Challenge

As a financial services organisation, the Trust set itself an objective of becoming a world-class organisation as defined by the manner in which it treats and manages its employees. It places its objectives for dealing with its employees within the context of a strategic planning framework that establishes strategies, objectives and targets in the areas of housing strategy, financing and financial management, operational efficiencies, human resource strategy and marketing.

Within this framework, the management is seeking to create a substantial culture change at the Trust based on the following criteria:
• Focusing and structuring the organisation around process rather than around function. The scope of management would then be significantly widened with renewed emphasis on autonomy, decision-making and an orientation towards the development of employees.

• Technology improvement with an expected impact on customer service.

• Developing leadership capacity.

Response

The efforts to create the required culture change have been defined within the framework of a strategic planning process that has been in operation for some time, and, more recently, by a change and upgrade in the information technology system that supported its core functions.

Strategic planning

The company’s strategy emerges from a comprehensive planning process that has been in operation for 8 years. The main planks of this strategy are:

Technology improvement through the upgrading of the information technology platform that supports the core functions. This new platform facilitated greater emphasis on process and workflow management, but created its own demands for skills, management and staff flexibility, management and leadership.

Customer service enhancement through creating a working environment that is characterised by encouraging flexibility. There are several areas in which such flexibility is being achieved. Firstly, the focus on process and on the need to satisfy the requirements of customers requires employees to become familiar with different aspects of operations and to be competent to resolve issues that arise in any of these areas. This has been achieved through training in multiple process skills and through a programme of job rotation.

Human resource development evidenced by a strong commitment to training that is reflected in the above is carried further in a comprehensive programme that links training to company benefit and encourages staff to further their training in areas that may be of long term benefit to the organisation. A further dimension of the training programme is the provision of scholarships for both undergraduate and postgraduate studies. The organisation instituted facilities for the implementation of a programme of “flexi-time” by which workers may exercise a degree of flexibility as regards their times of reporting for work.

Building social capital through a focus on the needs of the individual, including their social needs. This has led to the adoption of a programme to assist employees with transportation to get to and from work. The company provides a limited service for which employees pay a subsidised rate. In addition, the company has introduced an after care facility for school children that provides supervised after school activities and help with homework. Employees also pay for this facility at subsidised rates.

The final element of the strategy involves the attempt to clearly define the new culture that the organisation wishes to implement. This process involves developing an idealised model of the “world class” culture to which it aspires and seeking staff participation and agreement in adopting this as the organisational model and in working towards its achievement. This process is still ongoing and the organisation is of the view that a proper reward and recognition programme as well as a programme of leadership development would best be defined and implemented after the culture change criteria and targets have been developed and agreed.

Results

The company reports enhanced productivity and worker satisfaction since the implementation of the strategy. To a considerable extent, this has been attributed to the introduction of the flexitime plan and to the provision of the transportation and after care assistance programmes. The project to introduce the new technology platform began in late 2000.

Section: Cases from Services : Casuarinas Beach Resort

Casuarinas Beach Resort

Background

Casuarinas Beach Resort is a privately-held hotel which started off with four shareholders each having twenty-five per cent of the company in 2002 the general manager’s family bought out the other shareholders. The hotel was built in the early eighties. Shortly after the hotel was completed the shareholder who had been designated to operate the hotel on a full time basis died and his shares were inherited by his wife who also inherited his responsibilities as manager. The new manager had absolutely no knowledge or experience of the hospitality industry, having been a nursery school teacher for most of her working life.

The owner/manager has brought to bear on the management of her company a personal philosophy about people and about the environment. In one sense the philosophy could be seen to be driven by a creative nurturing. As a consequence, she does not use the normal management vocabulary, including the concept of strategy. The philosophy states that life is about human persons and that therefore the required ethic is to recognise the value of persons. By doing so, one should not look upon them as cogs, but as persons. It is summed up in one of the manager’s favourite quotations “When you are deciding on a matter, have a picture before you of the poorest man you have met and ask if the decision will help him. If the answer is in the affirmative, take the decision without hesitation”, Mahatma Gandhi.

Challenge

The main challenge facing Casuarinas is to maintain its edge in the face of a very competitive environment in which much of the competition has access to resources beyond those of Casuarinas.

Response

Even though the manager eschews the term strategy, it is clear that she has a clear vision of what she wants the property to be and how to get there and she has the operating philosophy to match.

Labour-Management Partnership and Human Resource Management

From its inception therefore the Casuarinas Hotel has been an oasis of labour-management harmony. There is an extremely low turnover of staff and staff are happy to work at the company and express that happiness explicitly to guests as well as demonstrate it in their approach to work.

Casuarina has no human resource department, partly a function of the size of the organisation and partly a reflection of the view that in small organisations like this the creation of such a department insulates the owner/manager from keeping in the fullest touch with staff.

In the circumstances, the approach of the manager has been to maintain very close contact with her workers. Through this close interaction and her willingness to undertake any task on the property, the manager is able to encourage workers to commit to the enterprise. The result is a workforce in which each member is capable as well as willing to do more than one job, and in which each member appears to be happy in his or her job. The manager operates from the conviction that despite the success so far, the staff can make or break the business and its reputation and so sets very high store by the building of human relationships.

There is no union at Casuarinas. However, it is evident that the management has put no obstacle in the way of employees from seeking collective representation. Interestingly enough, on setting standards and policies, on determining pay and other conditions of work, the manager is advised not by an employers’ organisation but by an external trade union.

Building Social Capital

The manager’s philosophy has been translated into practical provisions for staff. Some of the elements include:

• Training and communication
  • Managers’ vision and expectations
  • Balance and internal discipline
  • Books distributed e.g. Nelson Mandela’s “Long Walk to Freedom”
  • Courses on law
• Barbados Hotel and Tourism Courses
• Courses on security
• Life and comprehensive medical insurance
• Pension plan
• Safety gear
• Financial Provisions
  • Salary increases through the guidance of the Barbados Workers Union
  • Bonuses every year
  • Interest free loans
• Employee Assistance Programme
  • Psychological counselling when needed
  • Drug counselling when needed

Environmental Protection

This personal approach is combined with a deep love of the environment and a commitment to the protection of the environment. This is reflected in the very well maintained gardens that have become part of the signature of the hotel as well as one of its attractions. Indeed the symbiosis with the environment has created a spectacular niche for the hotel.

Corporate Citizenship

The company has expressed its corporate citizenship in a variety of ways both in Barbados and in the wider Caribbean. The following examples is not exhaustive but quite impressive.

• In Barbados:
  • Set back the hotel off the beach for protection of the environment but also to allow free access to the beach by the public
  • Providing equipment for community centres
  • Teaching in schools
  • Project to support the physically challenged
  • Project to reach out to “boys on the block”
  • Assistance to homeless and poor families
  • Cleaning reefs
  • Encouragement of turtle nesting (as a consequence major return of turtles at the Casuarinas beach
  • Re-green a stretch of beach
• Wider Caribbean
  • Food distribution in Haiti, Dominica, Dominican Republic, St. Lucia, Grenada
  • Contributed to projects throughout the region for the protection of reefs
  • Supports the projects for securing turtle nesting areas in Trinidad and Tobago.

Results and Performance

The hotel has performed consistently. Even after the attacks on the World Trade Centre when there was a considerable downturn in the hospitality industry, Casuarinas Beach Club was able to maintain occupancy rates that averaged above 70%. It is expected that the entire investment will be completely paid off in the near future, after twenty years of operation.
CHAPTER 6
Section: Cases from Diversified Groups: Minvielle & Chastenet (M&C)


Background and Strategic Challenges

M&C is a privately held and run family group of 6 companies with headquarters in St. Lucia. The company employs more than 500 persons and operates in the hardware and distribution business, insurance brokerage, travel agency and some limited manufacturing operations. The company is unionised with a single union representing all classes of employees except management who are not represented by a union.

In May 1999, the company embarked for the first time on a formal strategic planning process, which produced a two-year plan that provides the framework for the company’s human resource management strategy. The planning process involved a wide range of in-company consultation including a retreat for departmental representatives and a “town hall” meeting for all staff and management.

The following were the key implementations that were identified.

- To create maximum employee effectiveness
- To emphasise communications effectiveness
- To maximise productivity and efficiency
- To develop a focus on customer service and customer satisfaction
- To develop a corporate marketing plan
- To maximise the use of technology including information technology.

The critical impetus for initiating the planning exercise and the human resource management strategy that emerged from it originated with one of the company’s outside directors who represented the Goddard Group, M&C’s Barbados-based partners.

Strategic Human Resource Management

The company established several human resource management objectives that were designed to support the overall corporate objectives that focussed on communication, customer service and productivity enhancement, as outlined above.

The objectives of the human resource management plan were:

1. To develop and implement an effective customer service approach focusing on both internal and external customers.
2. To build the levels of competence among employees.
3. To develop and implement a training plan that was designed to enhance customer service as well as the building of employee competence.
4. Development of a programme to aid in the hiring of highly skilled people together with a management development or champions programme by which career paths could be developed and monitored for such persons.
5. Continued development of a performance appraisal system for managerial and non-managerial staff.

Training for Better Customers Service

The company recognised the importance of customer service and developed a programme of training in customer service. It also developed a structured staff orientation training package and training in cross selling to respond to the needs of the business. The company buttressed its training programme by creating a partnership with the Sir Arthur Lewis Community College to support the training requirements of the company.
Communication

In the area of communication, the company developed a communication mechanism with the following characteristics:

1. A quarterly staff newsletter
2. Suggestion boxes
4. Meetings - general staff and departmental.
5. Formalisation of monthly management meetings
6. Introduction of a programme of inviting members of staff to have lunch with the Directors.

Results

The programme is still in the early stages of its development but the company has established clear indices of the expected outcomes:

- A motivated, highly skilled and trained staff;
- Increased productivity;
- A results oriented business and culture;
- A customer focused staff and organisational culture.

Section: Cases from Diversified Groups : Goddard Enterprises

Goddard Enterprises

Change Management Culture – Human Resources Management – Strategic Planning – Human Resource Development

Background

Goddard Enterprises Limited is a well-diversified group with headquarters in Barbados and operations in 20 countries in the Caribbean and Latin America. The 80-year-old company, which was originally family-owned and managed, began a process of transformation between 1977 and 1979. By this time, fewer members of the family were available for management. The shareholders made a decision to become a public company and to move from family-owned and managed, to family-owned and professionally managed. As a result of the public quotation, the company now has approximately 1,300 shareholders including employees, local individuals, non-residents and local companies and institutions.

The change in the ownership structure and management approach also heralded a change in the approach to human resource management and has had a profound effect on the overall management of the company's operations.

Strategic Challenges

The company sought to ensure that the transition from family management to professional management would take place seamlessly and with the minimum disruption possible. This meant addressing the challenge of management development and succession planning, thereby ensuring that the company recruit and identify promising managers and preparing them for assuming future leadership roles.

A second challenge was the need to develop a structure and environment within which the many diverse companies might be effectively managed without the need for excessive head office control and direction. Among the requirements for achieving this was the need to delegate HR management responsibilities to the operational managers.
Human Resource Management

One of the main concerns of the company was that of resolving the human resource management challenges that were posed by its change in management strategy. In order to do so, the company embarked on a number of initiatives designed to focus on the individual – his/her skills, management capacity, capacity to perform, health and ability to adjust to the new paradigm. In pursuit of these objectives the company adopted a number of measures as outlined below.

1. The elevation of the human resource management function to an executive level similar to the financial management and operations management functions. The Group Human Resource Director now sits on the corporate board of directors.

The company initiated this by recruiting a professional manager for its human resource department and charging him with the responsibility of developing an appropriate human resource strategy and philosophy to guide future development. The philosophy identified excellence in individual performance as the key element in achieving high levels of corporate performance.

2. The decentralisation of human resource management responsibilities and functions and the allocation of human resource management responsibilities to operating managers.

The company concluded that the centralised system that it had been operating for human resource management was inappropriate to its needs because it did not adequately address the operational issues and needs of the diverse operational units, many of which were companies with minority shareholder interests. In this respect it was felt that there was insufficient integration between human resource management policies and activities and the units’ operational strategies. Consequently, the company developed a group-wide human resource strategy that was linked with the operational strategy of the divisions in a loop that connected group HR to operational HR linked to operations strategy that was itself linked to group business strategy with a feedback to the group HR strategy. This allowed HR to be linked both to divisional operational requirements to group strategy and to human resource management strategy.

The foregoing required
- The strengthening of the human resource management department at headquarters.
- The development and documentation of policies and procedures
- The training of operational managers to understand and perform the critical HR management functions that will ensure the required level of integration between operations and people management.
- Recruitment of human resource professionals with an enterprising spirit.

As a consequence, the HR function is now staffed by three professionals at headquarters and eight (8) professionals at different subsidiaries. The operational HR managers report to their operational managers and rely on the headquarters function to provide policy, guidance and information on best practices. In practice most HR authorities are generally delegated, but consultation is required for senior appointments.

Human Resources Development

The Company recognised the need to focus on the development of its individual members of staff, it therefore developed a focus on individual development and individual performance as the source of corporate performance.

This therefore provided the framework for a performance management system that established standards among employees with the agreement of managers and supervisors, and the periodic assessment of performance and results.

Gain sharing

Allied to this was a reward management system that entitles employees to share in the profits of the company based on the level of such profits, the improvement from previous year’s performance and the performance standards that had been established. The profit sharing plan also provided for executive stock options and an employee stock ownership programme.
Succession Planning

The company recognised that in the context of the requirement to prepare for a full transition to the creation of a professional management team as well as the challenging international marketplace it was necessary to ensure that it had access to a high calibre internationally oriented cadre of staff at all levels. It therefore focussed on training and development for individual members of staff, including management and supervisory skills and developing succession plans.

With specific regard to the issue of succession planning, it has been possible to identify a cadre of successful or potential managers in a programme that identifies "young potential business leaders for tomorrow" – persons ready for promotion or advanced training for promotion in the future. This programme has been complemented by a management trainee programme when it was perceived that the internal approach of the programme would be unlikely to close the gaps rapidly enough. The management trainee programme identified young high performing university graduates and placed them on an 18-month programme involving experiences in all local areas, and leading to appointments in the managerial cadre.

The final element of the succession plan is an analysis of the persons who will be likely to retire in the next five-year period and an identification of the persons who might be most likely to replace them.

Building Social Capital

A final element of the focus on individual issues is the programme for managing health and health promotion under which the company developed a life threatening illness policy that takes account of all life threats. This programme not only focuses on creating a healthy work environment, but on helping the co-workers of the afflicted persons to show compassion to the ill person, to focus on performance and not the ailment, to facilitate treatment and to respect privacy requirements.

Results

- In financial terms, the Group's consolidated profits were flat up to 1996, but after the implementation of the strategies outlined above the company achieved its highest level of profits in its history in 1998. This trend has continued with preliminary results for 2003 showing the best performance to date.
- Shareholder value has increased significantly since the implementation of the new strategy.
- Management identifies the improved performance coming overwhelmingly from increased efficiencies and higher productivity.
- This pattern of improvement continued through 1999, and although there was a softening in 2000, the company continued to achieve improvements in productivity in areas such as cash management and in overall efficiency.
- Improved all round communication throughout the Group of companies.
- Management replacements made easier.
- HR roles and functions are bettered understood and appreciated.
- Improved labour/management relations.

Section: Cases from Diversified Groups : Demerara Distillers Limited

Demerara Distillers Limited


Company Background and Description

The Demerara Distillers Limited (DDL) was established in 1983 by a merger between Diamond Liquors Limited and the Guyana Distillers Limited, the distilling arms of sugar estates owned which had previously been owned by Jessels Holdings and Booker of the U.K. respectively. These two U.K. companies owned and operated the sugar estates in Guyana which were nationalized in 1975-76 by the Guyana Government.

The employees of the Diamond Liquors Ltd. were members of the Guyana Agricultural Workers Union (GAWU) while the employees of the Guyana Distillers Ltd., were members of the Guyana Labour Union (GLU). At the same time the Clerical and Commercial Workers Union represented the clerical workers and
drivers of both Diamond Liquors and Guyana Distillers Ltd. After merging the new company continued to have these three unions exercising bargaining rights.

The Company currently employs 1000 persons, mainly in Guyana, but it also has operations in the European Union, Trinidad and Tobago and St. Kitts and Nevis. Additionally, DDL has linkages in Latin America, the United States and Canada.

When DDL was founded it had 200 employees. Its markets are local, regional and international. The Company holds the franchise for Pepsi Cola, Seven Up and Slice while it manufactures its own line of soft drinks Soca.

The flagship, however, is the El Dorado brand of rum which is internationally acclaimed and has consistently won the award for the world’s best rum. The company has moved from a one-product Company where Rum was the principal product to a highly diversified Group of Companies. This includes a distillery, wine and spirits and new age alcoholic products, mineral water, fresh fruit juices and other food products, shipping, warehousing, distribution and internet services. Additionally the company has interests in fishing and shrimp processing, banking and insurance and trust services.

Strategic Challenges:

DDL faced a number of challenges over the years and has had to develop several strategies in response. These include:

1. The first challenge the Company faced was how to survive the changing trading patterns which were emerging. Guyana, like other Commonwealth Caribbean countries enjoyed preferential, non reciprocal market access to the countries of the European Union. However, the process to phase these out has begun. With the removal of these trading preferences DDL would have to compete in the international market place exclusively on the quality and price of its products, especially, rum.

2. The Company had lost its skilled and professional staff, expatriates as well as Guyanese. This situation created the urgency for the Company to develop creative approaches to deal with the high turnover of Guyanese professionals and skilled staff while at the same time trying to refinance and modernize its existing plants and machinery.

3. The company had to manage three Unions that not only negotiated separately which most often led to divergent terms of conditions for employees in the same bargaining unit, but were in many respects the unions were quite antagonistic to each other.

Operating Philosophy

DDL’s Human Resources Director identifies what he sees as three helpful, and even necessary, prerequisites for productivity enhancement.

- Commitment to Action rather than just Commitment to Philosophy. Commitment to a philosophy for productivity enhancement is not enough and is not equal to commitment to taking the necessary steps. “Decision-avoidance” in favour of verbiage and rhetoric is fashionable. He notes that excuses for decision-avoidance include reference to custom and practice, the present time not being “propitious” the environment not being conducive or the climate being inhospitable.
- Implications of Change. There must be an appreciation of the human consequences of introducing systematic changes in areas which directly affect people.
- Empathy. It is necessary to understand and to demonstrate the realization that there are constraints and conflicts as well as opportunities for both sides in any productivity enhancement programme. This will encourage movement towards win-win positions.

The Company’s strategic Responses

DDL adopted a number of strategic responses to meet the challenges that it has faced: They include the following:

1. **Modernization of the Production and Marketing Process.** Distilling represented the core business of DDL. Not surprising therefore, the company set about to address the challenges in this areas through a process of modernisation.
In part as a reflection of the origins, in that distilleries were tied to sugar estates and that the company represented a merger of two companies, DDL operated multiple refineries. The Company realized that the cost of production had to be controlled if it was to remain competitive. One of its early decisions in the transformation process was therefore, to close three of its Distilleries so that it could concentrate on upgrading and modernizing its Diamond facility where the Company is presently located.

This rationalization of production was accompanied by complementary investments. These included investments in the modernization of manufacturing facilities. DDL also built the first rum bulk terminal in the Caribbean. These have had a dramatic impact on cost. Indeed as a consequence of the latter, Guyana has become one of the major bulk suppliers of rum.

DDL was the first distillery in the Caribbean to be accredited with the ISO 9002 Certification

By the early 1990’s the DDL began a process of modernizing its brands. This was designed to enhance a new marketing thrust.

2. Diversification into other areas of business. The Company secured the franchise of Pepsi Cola International to manufacture and bottle the range of that company’s products and it also began to manufacture its own line of soft drinks, Soca. The Company further diversified into shipping, warehousing, and distribution and more recently into internet services and banking and insurance.

3. Communication
   To facilitate the change process, the company enhanced it communication process. According to the Human Resources Director, there must be “the identification of critical issues and frank and open discussion with all stakeholders - managers, employees and the unions. There were three main platforms in this regard. First was the formation of a Management Committee, which comprises of all Heads of Departments and the Managing Director. The Committee meets once a week to review company policies and strategies.

   Heads of department in turn are required to meet at least once a month with their staff to ensure that the decisions taken at Management Committee level are clearly communicated and opportunity is provide for feedback.

   Finally, Management meets with the rank and file once a quarter to share company plans and objectives.

4. Human Resources Development
   One of the challenges DDL faces is the loss of qualified and experience staff through migration. The company needs therefore to ensure that it always has a steady supply of adequately trained personnel to meet the requirements of international competitiveness. In direct response to this need DDL established an Assistance to Study Programme with the total cost of the programme paid for in advance by the Company. Employees can participate in courses offered both locally and overseas.

   The Company’s future plans include the establishment of the Diamond Institute of Management and Technology to serve both the company and its immediate geographical environment. It intends to offer free classes at any level in English, Mathematics and Spanish as well as technical and management skills.

5. Building Social Capital and Worker Participation
   DDL demonstrated its commitment to stakeholder management when it sought to creating a culture of belongingness by giving employees shareholding in the Company. Employees were offered 20% of the shares in the Company. Purchase of these shares was financed through a loan linked to a 10-year endowment policy with an insurance company.

   These three areas were all interlinked in the change process at DDL and provide some of the important lesson for the high road approach. As noted above, there are three unions in DDL. These unions have overlapping bargaining rights. As also noted, the unions did not have a culture of
cooperation. Indeed, the politics of Guyana was reflected in at least two of the unions. The Guyana Agriculture Workers Union (GAWU) has traditionally been allied to the Peoples Progressive Party while the Guyana Labour Union (GLU) has been allied to the Peoples Nation Congress (PNC). Indeed the last two leaders of the PNC were ex officio president of GLU even when they held the office of President of Guyana.

In light of the changing market conditions, it became necessary to rationalise the human resource management systems in the company. In order to do this, however, it was necessary for all stakeholders in the company to work together. It is interesting that the self-interest of the company provided the impetus for encouraging the unions to work together.

**Human Resource Management Challenges.**

- The rationalisation or removal of anomalies in benefits for different union groupings.
- Separate versus joint negotiations with all three unions.
- Respecting minima but not disregard maxima of salary scales.
- Productivity-related pay - across the board merit increases.
- Criteria for fortnightly, monthly and commission payments.

**Change Processes Employed**

- Identification of critical issues and frank open discussions with all stakeholders.
- Sharing of detailed information on anomalies and implications for change in a profession, participatory, empathetic and conciliatory manner.
- Constant courting of buy-in from vested interest especially unions.
- Patience, perseverance and pragmatism on the part of all stakeholders.

**Outcome of the New Approach**

- New job evaluation system, replacing an old seven grade system (with built in inequities) with a more logical and versatile 5 band structure the emphasizing skills and competencies necessary for a technology- productivity-driven environment.
- A more symmetrical forward-looking salary structure.
- A system of Performance-Based Increases (PBI) replacing Across-the-Board Increases (ABI).

**Expected Impact**

While it may be too early to gauge the full impact of these new changes (the agreement establishing them was signed in 2003), both management and the unions are clear that they will have a positive effect on the company's ability to maintain its leadership position. The expected impacts include:

- Employee motivation. Employees are now better able to understand the basis on which efforts are rewarded. The old sense that they were discriminated against has given way to confidence in a transparent reward administration.
- Employee empowerment. Employees now have a significant measure of control over their remuneration.
- Management Motivation. Employee motivation and management has been pushed closer to the factory floor. Managers now have a better sense that they are responsible for those things for which they are held accountable.
- Focus on competencies. Employees now have incentives for self-improvement and the company provides the supports in this vein.
- Job enlargement. The broad band classification provides opportunities for job enlargement, job enrichment and multi-skilling. This allows for more optimal use of human resources.

**Results**

DDL had been performing well even before the introduction of the changes outlined above. In fact it is testimony to the visionary approach of the stakeholders that they did not wait until the company entered into difficulty before they started to address innovations in a variety of their activities. The DDL case may therefore be said to embody the principle of **continuous improvement.**
CHAPTER 7
Section: Cases from Mining: Billiton Mining Suriname

Labour-Management Partnerships - Strategic Planning - Socially Sensitive Enterprise Restructuring

Background

Billiton Mining Suriname (BMS) enterprise is a wholly owned subsidiary of BHP Billiton Plc with a concession to mine bauxite in Suriname. The parent company is an international enterprise that has gone through a number of ownership permutations. BHP was an Australian company. Billiton was once a subsidiary of the Royal Dutch Shell company. It was sold a South African concern which then set up as a separate company and reverted to the Billiton name. BHP and Billiton subsequently merged.

With a background of these developments, the Suriname operations were faced with specific challenges. The company operated a mining concession in Suriname. Out of the concession it extracted bauxite which was processed into aluminia by SURALCO, the Suriname subsidiary of ALOCA. The concession, it was estimated, would be worked out by 2006. While there were significant reserves in other parts of the country, these were of a lower grade than the concession which BHP Billiton currently held.

Billiton put in a bid for a concession in the new areas. However, its erstwhile partner, SURALCO, also put in a bid. SURALCO with the longer history in the country and the higher profile launched a very aggressive lobby and public relations campaign. Eventually, a compromised was reached and a joint venture was established in which BMS would extract the bauxite and SURALCO would perform the aluminia processing. The labour-management relations implication of this we will examine in more detail later on, but sufficient to say the new arrangement has created new challenges for BMS.

Challenges

The company faced the significant challenge of determining its future operations and sustainability. Among the issues that it faced were:

- The choice of investing in new mining resources or simply leaving Suriname.
- One of the reasons for the merger between Billiton Plc. and BHP was broadening the portfolio and strengthening the group’s image as a diversified resources company. For Billiton Plc., the proportion of its aluminium assets (in Suriname, Brazil, South Africa) in size as well as contribution was a constraining factor that new investments in aluminium could undermine the aspect of diversification.
- BMS was very much in need of new investments as it facing depletion of its current bauxite reserves in 2006/2007 and needed to explore for bauxite and develop new mines or prepare for closure after mining out the current reserves.
- The concern by the parent company that this lack of diversification would make the company unattractive to aluminium investors and would therefore limit the sources of capital for developing bauxite operations further.
- The integration of workers from SURALCO’s mining activities into the BMS

The Suriname operations were an important part of the Billiton bauxite assets and faced with these challenges the management was charged with the responsibility of creating a future for the company in Suriname by improving efficiency, productivity and profitability and creating an attractive investment for existing and potential new shareholders from whom future capital needs may be met.

This search was initiated against a background of a continuing 5-year slump in which no new workers were hired, systems were deteriorating along with equipment, there was very little new investment in equipment and costs were rising.

Response

Labour Management Partnership and Socially Sensitive Enterprise Restructuring

The cornerstone of the company's strategy was to include the union and all the employees in the search for a new future for the company, and thereby save more than 600 jobs.

The management began this search by calling in the union leadership and apprising them of the situation and of the need to embark on a project designed to present the company favourably to shareholders to
attract new investment of some US$ 300 million within two years. At that point in early 2001 the management did not itself have an answer or solution, but was clear that the only way that any solution could be achieved was by the early and integral participation of the union.

The company and the union leadership agreed to implement the following steps:

1. To establish a Steering Committee called “Survival 2006”. Membership included the union leader and senior management. This Committee was responsible for the design of the improvement programme and the formal approval of all decisions.

2. To form worker/management committees in each department. In each department, the senior manager or supervisor that was closest to the work floor became the Chairman/Convenor of the Committee. Committee membership included the department head, work floor employees and a representative of the union. Membership was of 7 – 9 persons.

3. Each such committee was provided with all the tools that they would require to undertake the necessary analyses of their operations, including computers with internet access, fax machines etc., and were guided by a questionnaire developed by external consultants to help them do the analysis.

4. Utilising the questionnaire, each departmental committee examined the following:
   - What was being done and the methods for doing it;
   - Staffing;
   - Efficiency ratios;
   - Establishing benchmarks;
   - Identifying international best practices;
   - Developing comparisons of benchmarks and best practices with Billiton operations;
   - Identifying gaps and strategies to meet these gaps, including changes in work procedures, shift operations, manning levels, equipment required etc.

5. The proposals developed by the committees were submitted to the senior (executive) department manager for endorsement and approval for further submission to the Steering Committee for approval. The department manager then became responsible for implementing the approved proposals.

6. Management will make quarterly progress reports to the Steering Committee.

By this process the last group plan was approved in June 2001. The overall plan was intended to achieve the following objectives:

- Reduce cost of mining by approximately US$ 4.50 per tonne;
- Where job reductions were a necessary part of the strategy, such reductions were to account for no more than 24% of the expected savings.

The resulting plan called for the reduction of the labour force from 600 permanent and contract workers to 400, a loss of 200 jobs. Once the worker/management partnership approach had produced a solution that was acceptable to all, the implementation challenge was that of executing the job reductions in an environment where the legal system and the labour laws presented significant difficulties in the way of retrenching staff. The process of retrenchment required a permit and where workers are dismissed the approval of the Ministry or the Court had to be obtained – a process that could take as long as three years during which the employee had to be paid.

The management and the union jointly developed a plan for the voluntary retrenchment of the workers. The company using a ranking system that took account of education, training, attitudes and influence in the workplace identified the potential volunteers to this plan. The ranking system was developed internally, approved by the Steering Committee and the departmental committees undertook the exercise of ranking. In addition, a retrenchment package was negotiated with the union.

**New Issues in Labour Management**

Since the start of the restructuring process the Company has had to come to grips with a new challenge. As a result of the new concession agreement there has been a change in the operating parameters of BHP Billiton. While previously Billiton provided SURALCO with the bauxite to process into alumina, the latter still
conducted mining activities of its own. With the new operating agreement, SURALCO will exclusively process and Billiton will exclusively mine. It means that the SURALCO staff that was previously engaged in mining would now be managed by Billiton, even though they would remain SURALCO staff.

This new challenges have been handled in the context of learnings from the previous experiences of Billiton with labour-management partnership. Management in Billiton have set about engaging the union representing SURALCO workers in carving out the strategic direction of the company. Interestingly, one of the tasks that management has set itself, although this is self-interest, is facilitating a dialogue between the Billiton union and the SURALCO union.

**Performance and Results**

The company has had very encouraging results in the short time that the exercise has been in operation.

- On the basis of a projection of initial impacts of the solutions implemented, the company estimates that it is already well on the way to achieving a cost reduction of US$ 4.00 per tonne. (The target is $4.50).
- The BMS World Class cost reduction programme proved BMS worthy of new investment.
- A total of 112 volunteers were identified for retrenchment. These targets have been met. As noted with the expected expansion from the new mining concessions, there is a process of re-hiring that will have to take place.
- Opportunities for outsourcing services to former employees have been identified and implemented.
- Bonus system being developed to create a fund out of savings to pay bonuses to staff.

One key variable for success that has emerged from this case is the role of the leader of the union. The President of the Union at the start of the process died while the project was still in development stages and before all decisions had been taken and implemented. The personal commitment and skill of the original union leader was a critical factor in taking the process forward. Naturally, after his passing the process slowed somewhat. Relations had to be established and trust between the new leadership and the management had to be built up. While bringing a new style to the process, the new union leader has been no less committed to the process, so that after an initial slowing down the process is once more on track.

The personality and personal commitment of the leaders are therefore critical factors in achieving success in this approach, in the context of Caribbean labour-management relations.

The company has also indicated that there needs to be further improvements in the process of educating the union membership to better understand the process and in communicating information about the projects. There is a clear need for both sides to better understand the difficulties and demands each faces and the elements that contribute to the thinking of each.
CHAPTER 8

Section: Cases from Distribution: Interior Harmony


Background

Interior Harmony, like Casuarinas Beach Club, is also a small owner-managed enterprise. It has been in operation for over twenty years as an importer of ceramic tiles and materials for building and decoration. In the early years, Trinidad and Tobago operated an import-licensing regime that was designed to protect the manufacturing industry. Therefore, as an importer, Interior Harmony had to apply to the relevant Ministry for specific licenses to import whatever its customers may have needed.

While the economy experienced boom conditions, this company experienced no significant problems and had grown to a maximum of 16 employees. The recession that followed the boom years however led to a considerable contraction in demand and the company eventually lost almost everything and almost became completely bankrupt.

During this depressed period, two of the employees and the owner manager continued to fight with the restructuring of the business, selling off all assets in order to retire debt, and carrying liabilities to those employees who had been laid off.

With the improvement in the economic fortunes of Trinidad and Tobago and the repeal of the import-licensing regime, the company has been able to grow again and now employs 14 persons. One of the remarkable aspects of the company’s continued success is the fact that it has been achieved in an environment in which there are some 86 competitors in manufacturing and/or sales of the items sold by the company. It is important to note that when the company’s fortunes reversed, employees who had earlier been laid off were given the first opportunity to be rehired.

Communication, Human Resource Management

At Interior Harmony, as with Casuarinas, the Manager/Owner exhibits a high degree of loyalty to her staff, which is, in turn reciprocated. To ensure this two-way flow of commitment the manager has created a simple but effective system of communication. The centrepiece of this is regular communication. She has instituted a series of regular meetings with staff at which all matters are discussed, including matters relating to discipline and to training.

For a small company, Interior Harmony has developed a relatively sophisticated and targeted training programme that is designed around a set of identified needs of the company as well as a sense of general improvement of the human resources of the company. The most targeted has been training at the facilities of suppliers and exposure to the most contemporary trends in designing. At the more general level the company has invested in skills ranging from computer training to telephone answering skills. This is in an effort to identify and enhance the ability of each staff member to perform duties other than the sales function.

Corporate Citizenship

A remarkable feature is the success that the company has had in living in harmony with its neighbours. The company is located in Sea Lots, an extremely depressed area of the City of Port of Spain, in which there is a high incidence of crime. This represents a security risk for the company.

Management has been careful to establish a relationship with the community; the company has contributed to the development of community facilities; for example it donated materials for the creation of a small sitting area in the neighbourhood at which the community could have small gatherings and functions and where an Xmas tree is usually erected.

Gain sharing

The organisation has developed a compensation plan that includes a basic salary plus commissions on sales.

Results and Performance

The result of this approach in which personal issues are placed very high on the agenda is a workforce that experiences little turnover and a company that is able to compete effectively with 86 other companies and also have the capacity to expand its operations to other islands in the Region.
Section: Summary of Case Studies

International competitiveness affects every company regardless of its size and, increasingly regardless of whether it explicitly produces for a domestic market for an international market. This is especially true for Caribbean enterprises as they attempt to adjust to the dual forces of globalization and trade liberalization which have exposed Caribbean enterprises to the full. This fact is reflected in the range in size of the sample case studies from Interior Harmony, which employs fourteen (14) people to the example of large conglomerates such as Goddard’s Enterprises and the TCL Group of Companies. The cases not only vary in size, target markets, sectors, earning power, ownership but also in their operating environment – from the Caribbean oasis of social dialogue in Barbados to more divided political culture of Guyana.

While the prevailing business environment, product range, market focus and other factors which in the words of Peter Drucker define the “business” of a company may have varied, it appears that there was a great deal of commonality in the challenges faced by the Caribbean enterprises examined. The challenges identified included social and cultural attitudes, organizational culture, managerial limitations, resource limitations, inappropriate training and education, customer service, occupational health and safety and reward structure.

Not only were the companies faced with similar challenges, but they also responded in similar ways. These responses have been analysed in the context of the High Road Approach. The High Road Approach has been defined as, “Competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization, labour-management co-operation and enhanced capacity to adapt to constantly changing economic environment.” Responses to the challenges identified above were also similar and included union recognition, strategic human resource management, communication, change management culture, corporate citizenship, strategic management and development of the social capital. Analyses of the case studies reveal complexities as well as simplicities in which the challenges were confronted. The various High Road responses are also complimentary and in many instances it was impossible to practice one without others.

For instance, for most of the cases, human resource development almost always incorporated union recognition and labor-management-partnership. As a matter of fact, it would be safe to say that through the High Road Approach, all of the case study enterprises reprioritized to make the human capital its critical competitive advantage. The results are both qualitative, in terms of increased productivity and profits or decreased instances of industrial action, and qualitative in the instances of improved image and increased corporate citizenship.

Indicative of the importance of human capital in an enterprise are the cases of Republic Bank of Trinidad and Tobago Limited and the TCL Group of Companies. Both these companies made explicit commitments in their corporate planning to the importance of human resources and communications. TCL used somewhat “uncorporate” language in its statement that one of the corporate objects was:

“To create a family of employees within the TCL Group of Companies:

• Where individuals feel confident that they are participating, contributing, recognised and rewarded for the success of the Company.
• Where employees are valued as precious, special people, secure in the knowledge that the Company will at all times seek their long-term interests and be supportive in times of need

Republic Bank Limited, for its part, went the furthest in establishing an internal corporate communication system which has served them well. The Bank was able to quickly move from having the dubious distinction of being the first (and to date, the only) bank in Trinidad and Tobago to have been hit with a strike to being selected as the employer of the year by a union.

The importance of the human and social capital is also identified in the case of The St. Vincent Electricity Company (VINLEC), which was faced with a plethora of challenges including poor service, low productivity, poor customer image, poor financial performance. The response was definitive and involved strategic human resource management based on improved labor-management relations and coupled with change management and investment in the stock of the company. Over the years there has been a remarkable turn around in company fortunes and image both internally and externally.

It is also noteworthy that overtime the number of employees at VINLEC has actually increased by more than
fifty percent. This flies in the face of the conventional wisdom that the only way to increase productivity is to cut the cost of labour. VINLEC demonstrates the importance of investing in the human capital of an enterprise.

The case of Cable & Wireless, Barbados is also indicative of the benefits which can be derived from the High Road Approach, specifically Socially Sensitive Enterprise Restructuring. In the face of the pressures due to a changing market environment for the telecommunications sector, it was obvious that restructuring has to take place. The response was to treat its human resource with the dignity and honesty it deserved. Primarily, through Labor-management-partnerships for Socially Sensitive Enterprise Restructuring, the process was strategic in nature and took into consideration the position of the workers, the position of the company and its plans for the future. Cable and Wireless was able to protect the social capital of the company as well as its institutional memory. Volunteers for separation were also trained before leaving the employ of the company and facilities were also provided to groups of separated employees to ensure that they could be prepared for the future. This also underlines proactive and positive corporate citizenship since workers were not being released into an economy which would not be able to absorb them but were being prepared to contribute through initiative and entrepreneurship.

As stated before, benefits of the High Road Approach accrue to companies of any size. Faced with the challenge of merely surviving in a very competitive sector and a recessionary economy, Interior Harmony chose to trust its human resource and build social capital to make it more competitive. The company restructured in times of financial downturn and rehired the same workers when it was able to. The management has also been open with the staff and communication is a hallmark of the operations of Interior Harmony. It is also interesting that the company has not only been able to survive but to prosper in a deprived area of Trinidad where crime is high and investment prospects are low. The company has managed to do this through keeping close ties with the community and supporting community activities and contributing to the upgrading of facilities.

Not only do experienced managers benefit from the High Road Approach but so to do inexperienced managers. Cast suddenly into the role of manager, the manageress of Casuarinas Beach Resort has been able to be competitive in a very competitive environment by branding the company operations with her own unique philosophy, void of common business language, which places people first. As such, labor-management relations at Casuarinas have always been and continue to be harmonious. This has contributed to building social capital and coupled with an aggressive environmental protection scheme, has ensured the progressiveness of Casuarinas. In this case, the manageress subscribes to higher forms of strategic planning and management without formalizing it.

These six companies indicate the range of companies which are impacted upon and the full range of responses which are possible through the High Road Approach as discussed in this paper.
<table>
<thead>
<tr>
<th>Case</th>
<th>Category</th>
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<tbody>
<tr>
<td>Vinlec</td>
<td>Utility</td>
<td>Union Recognition, Strategic Human Resource Management, Labour-Management Partnerships, Strategic Planning, Changing Company Culture</td>
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<tr>
<td>Cable &amp; Wireless</td>
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<td>Eastern Caribbean Group of Companies</td>
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<tr>
<td>Banks DIH Ltd</td>
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<td>Strategic Human Resource Management - Building Social Capital - Corporate Citizenship</td>
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<td>Strategic Human Resource Management - Labour-Management Partnering - Gain sharing</td>
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<tr>
<td>Billiton Mining Suriname</td>
<td>Mining</td>
<td>Labour-Management Partnerships - Strategic Planning - Socially Sensitive Enterprise Restructuring</td>
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</table>
Section: Conclusion

The dynamics of the international economic system have created an un-level playing field that puts Caribbean enterprises and economies at a disadvantage when competing with international entities. Resource constraints limit productivity and competitiveness levels. Richly endowed with human potential, this capital continues to be underdeveloped because of a combination of a lack of vision and sound management techniques.

This paper has been able to demonstrate how Caribbean enterprises have been able to craft solutions to address the challenges thrown at them. As discussed, the high road principles encompass a wide gamut of strategies aimed at improving the structure and increasing the productivity and competitiveness levels of the enterprise. With its emphasis on human resource development, the question of social justice and equity is paramount.

The international labour standards developed through the tripartite partnerships of the International Labour Organisation aim to ensure that human rights are protected and that the human capital is nurtured and given the opportunity to maximise potential. Furthermore, Decent Work principles ensure that there are opportunities for women and men to obtain decent and productive work, in conditions of freedom, equity, security and human dignity. The attainment of these goals ensure that enterprises become sustainable in the long run and are able to change strategies to compliment the demands of the international system because of the strength and flexibility of the organisation, especially its human resources.

The key factor in the success of each of the best practice companies has been the way in which they have dealt with their human resource. All strategies implemented have resulted in more harmonious management-labour relationships signalled by less industrial disputes, strikes, and downtime. This improved industrial relations climate has further resulted in improved product conception and delivery, a dedication to a culture based on quality and greater levels of customer satisfaction, thus raising productivity and competitiveness and social welfare.

Caribbean countries must continue along the high road path. In time, the high road principle will continue to evolve and will no doubt come to embrace other managerial strategies. Caribbean companies must incorporate these strategies or find themselves falling further behind its international competitors to the detriment of the enterprise, its employees and the society as a whole.
CONTENTS

Background

The International Labour Organisation (ILO) has embarked on a number of initiatives to make enterprises in the Caribbean basin more competitive and responsive to the dynamics of globalisation and trade liberalisation. One such initiative is PROMALCO (Programme for the Promotion of Management – Labour Cooperation), a two-year project designed to strengthen employer/worker relationships in the Caribbean Region.

The Promotion of Human Resource – Oriented Enterprise Strategies and Workplace Partnerships in the Caribbean is one of several PROMALCO project activities geared towards developing Caribbean enterprises for “global competition through workplace partnerships, respect for fundamental workers’ rights, a building of industrial democracy and the optimal use of human resources”.

The Promotion of Human Resource – Oriented Enterprise Strategies and Workplace Partnerships in the Caribbean programme entails a training and development component for managers and union officials in the building of trust based labour management relationships.

To facilitate the implementation of the training, a Practical Guide on How to Build Trust in Caribbean Enterprises was commissioned.

Approach to the Development of the Practical Guide

The definitions of trust vary from personality traits to a structural phenomenon. There is also much diversity in the common language usage and meaning of the word trust. Developing a comprehensive definition of trust that meets both current popular and scientific usage was a critical requirement for preparing the Practical Guide. This task was addressed by undertaking a trust literature review to cull from the theoretical, empirical and management data, a clear and conceptual model of trust that would be used in:

- Defining trust, (scientific and operational definitions).
- Differentiating the several types of trust in organisations.
- Determining popular and common usages of the term.
- Defining institutional practices and behaviours that create trust.
- Identifying the organisational benefits of trust.

The information used to inform the literature review was gleaned from trust literature (books and articles in academic and management journals), management texts, ILO publications. The trust constructs and definitions derived from the literature review were tested for relevance in Caribbean enterprises by a focus group comprising persons from trade unions and business. Where applicable, relevant material from other PROMALCO sponsored projects have been incorporated into the Guide. This was done to reduce duplication of effort and to provide a linkage between this product and the products from PROMALCO sponsored projects.

Foreword

This Practical Guide has been developed as a resource manual for facilitators conducting trust building workshops for managers and union representatives. The Guide and the training programmes in which it will be used, are designed to assist managers and union officials in developing new approaches to labour relations. In essence this change constitutes behaviour change at the individual level and culture change at the organisational level. The desired changes will be facilitated to the extent that management and union officials are successful at:

- Acquiring new perspective on labour management relationships (un-learning existing belief systems).
- Acquiring and demonstrating the behavioural competencies that support the building of trust based
relationships in the workplace

- Institutionalising the new behaviours, thereby changing the labour relations climate within enterprises.

This Guide covers the body of knowledge relevant to issues of trust building in a Caribbean labour management environment. The Guide is divided into three Chapters. The focus of the Chapter, the instructional objectives and the instructional material to be used in the delivery of the content is provided with each Chapter. Chapters are broken down into content modules – an instructional package with a single theme and information relevant to that theme. Learner outcomes and learning activities are provided with each module. Modules will be used by facilitators to develop workshop sessions – units of content that can be delivered within a specified time period using group and adult learning techniques.

CHAPTER 1

Section: TRUST IN MANAGEMENT LABOUR RELATIONS IN CARIBBEAN ENTERPRISES

Improving the level of trust in Caribbean enterprises has been identified as a critical requirement to support “high-road” development initiatives and strategies at the enterprise level.

In the Caribbean region, the principal actors influencing labour market policy and relations at the national and enterprise levels -the Government, Trade Unions and the private sector- have traditionally maintained adversarial relationships and practices. Over the years, these practices have impacted negatively on the performance of enterprises and have strained labour relations.

While there is a growing awareness amongst all the social partners of the need for greater management worker cooperation, labour relations in private and public enterprises continue to grapple with high incidences of industrial unrest and mistrust, evidenced by an unwillingness and reluctance to honour agreements and negotiate in good faith. Consequently, opportunities for improving employer/worker relationships in order to become more competitive are lost or not aggressively pursued.

In this chapter, the historical roots of adversarialism in labour management relations are examined to provide an understanding of existing management labour relations and a rationale for changing such practices.

KEY IDEA

Adversarialism in labour management relations is a lose-lose situation. Labour- management relationships founded on social partnerships based on trust and management /worker cooperation is the win-win alternative for Caribbean enterprises. “Companies will only be competitive if there is a healthy relationship between management and labour.”

Structure of the Chapter

The chapter is divided into two learning modules.

Module 1 examines the social and economic forces at the macro-level, and those managerial practices at the enterprise level that have shaped current labour-management relations.

Module 2 looks at new developments affecting labour-management relations in Caribbean enterprises.

The Objectives of the Chapter

- To examine the historical factors that have shaped present labour management relations.
- To outline new trends and forces driving new approaches to labour management relations.

Learner Outcomes

On completion of this chapter, participants should be able to:

- Identify the factors that have shaped current labour management relations and practices in Caribbean enterprises.
- Discuss recent drivers of change in labour management relations.
Section: Module 1: The Roots of Adversarialism and Mistrust in Labour Management Relations in Caribbean Enterprises

OBJECTIVES

On completion of this Module, you should be able to:

- describe the roles and expectations of the principal social partners in labour management relations;
- identify historical factors that have shaped current labour-management relations in Caribbean enterprises;
- diagnose your organisation’s approach to labour management relations.

MANAGEMENT-LABOUR RELATIONS

Management labour relations may be regarded as an expression of the power structure in a given society and of the way in which opposing interests between workers, employers and governments are reconciled and accommodated.

Definition

Management-labour relations seek to balance the economic efficiency of enterprises with equity and justice on one hand, and the development of the individual on the other, in finding ways to avoid, minimize and resolve disputes in order to promote harmonious relations between and among those directly involved, and the enterprise as a whole.

Who's Involved

The principal actors involved in the management labour relationship, are: employers or owners of enterprises; managers of enterprises; workers; trade unions; the State and the general public.

These primary groups can be differentiated on the basis of the roles, expectations and interest groups they represent in labour management issues. These differences are often the primary cause for mistrust between the different actors.

1. Employers / Owners of Enterprise

Role and Expectations:

- Providers of financial resources who expect a return on their investment.
- Exercise power and control through the legal concept of property.
- May or may not be directly involved in managing the enterprise.
- Based on the Contract of Employment the employer agrees with the employee to:
  - provide work;
  - pay wages and conditions of employment;
  - provide a safe system of working;
  - treat employees with equity;
  - provide mechanisms whereby an employee can seek redress of contentious issues in the workplace; and
  - provide appropriate training.

In the Caribbean enterprises, employers can be placed in the following categories:

- Private, family owned enterprises in the agricultural, services, manufacturing and small enterprise sectors.
- The public sector and government owned enterprises.
- Multinational, foreign owned public and private enterprises.
- Caribbean owned public and private enterprises.

2. Managers

Role and Expectations

- May be, but are usually not owners of the enterprise.
- Act as agents of employers or owners and are responsible for the performance of the enterprise.
- Have responsibility for the planning, organising, and controlling the enterprise; this gives them the traditional right to make all decisions regarding the operations of the enterprise.
Management Rights

“Management rights” is a term that has traditionally defined those areas over which management exercises “exclusive” decision-making authority. These rights may be regarded as “core” rights and “operational” rights.

Core Rights

These are the rights to determine the mission, budget, organization, number of employees, and internal security practices of the enterprise.

Operational rights.

Consists of the rights, to recruit, hire, assign, and retain employees in the enterprise, and to take disciplinary action against such employees. It includes the right to assign work, to transfer and promote employees as may be necessary, and to take whatever actions may be necessary to carry out business during emergencies.

3. Employees/ Workers

Roles and Expectations

• Providers of labour in exchange for wages.

• Derive power from their ability to withhold their labour (right to strike).

• Under the Terms of the Employment Contract the employee agrees to:
  • supply his/her own labour;
  • obey the employer’s lawful and reasonable instructions;
  • exercise reasonable care and to work in a safe manner;
  • act with fidelity and honesty and display and maintain a level of skill and efficiency; and
  • not disclose information of a confidential nature acquired in the course of employment.

4. Trade Unions

Roles and Responsibilities

Trade unions have traditionally performed three principal roles in their relations with individual employers, business associations, the State, and the public at large.

The Economic Role

• Facilitating production and ensuring an equitable distribution of the value-added. This has been achieved mainly through collective bargaining and negotiations at enterprise level, industry/sector level or national level.

• Primary focus of trade unions is the improvement in the working conditions and terms of employment of its members.

The Democratic and Representative Role

• Providing a voice and identity to labour at the workplace, and in society at large. Trade unions are representatives of employees/ workers. Trade unions exercise power through the legal framework and from the strength of their membership.

• Representing workers in individual grievance procedures; giving voice to labour's views on economic and social policies at all levels including enterprises.

• Promoting cooperation between capital and labour with a view to securing employment, improved working conditions and living standards consistent with sustainable growth.

The Social Role

Minimizing the risk of exclusion in industrial society by:

• promoting solidarity among workers in different sectors and occupational groups;

• providing special services to members of unions;

• serving as an anchor for broad-based social and political movements sharing similar values and goals.
5. The State (government)
Roles and Responsibilities
• Possesses the right to enact and enforce legislation.
• Provides the legal framework within which labour management relations are conducted.
• May empower one party at the expense of another.
• May set policy guidelines and promote specific initiatives (for example, tripartism).

6. The Public
Roles and Responsibilities
As customers and consumers, can endorse, sanction or influence the “state” through involvement in the political process.

FACTORS THAT HAVE INFLUENCED THE RELATIONSHIP BETWEEN THE KEY LABOUR MANAGEMENT PLAYERS
The key players in labour relations in the Caribbean enterprises have not had a history of cordial relationships. Some of the key contributory factors are discussed below.

1. The Legacy of the Plantation Economy
One effect of the plantation economy, was the class and social antagonisms it produced between the landowning class, petty traders, and descendents of the former slaves and indentured workers. Many labour management practices can be traced to the economic and social factors of the 1920's and early 1930's characterized by the following labour conditions operating in the island:
• Single export crop economy
• Extremely low wages, high unemployment.
• Little opportunity for both social and job mobility.
• Poor working and social conditions
• Rigid class stratification where colour discrimination determined job opportunities
• Traditional pattern of feudalistic and paternalistic employer-employee relationship
• White, socially and politically privileged planters/ owner class
• Disenfranchised, uneducated working class
• Absence of legislation to protect the rights of workers from abuse and exploitation
• Absence of a legal framework for the recognition and functioning of trade unions

Under these conditions managers and employers displayed unfettered and unquestioned authority and power. This resulted in arbitrary and capricious decisions, harsh and exploitative conditions of work which generated hostility and opposition from employees. In many Caribbean islands, the 1930's was marked by public protest and unrest by workers in their struggle for both improved working conditions and political power.

The efforts of employees to combat the might and power of employers and owners and to address the unequal balance of power that existed at the workplace gave birth to Workingmen's Associations and Trade Unions.

2. The Struggles of the Trade Union Movement for Recognition
Prior to the early 1920's, workers in the Caribbean were not allowed to form trade unions. A trade union was considered an illegal organisation. To find a way of addressing the needs of the working class, workers organised themselves into Workingmen's Associations. Many of the early labour leaders of the trade union movement emerged from these organisations. The first countries to enact Trade Union Ordinances, which recognised the rights of workers to form trade unions, were:
• Jamaica in 1919
• Guyana (British Guiana) in 1922
• Trinidad and Tobago, 1932
• St Vincent, in 1933.

In the other territories of the English speaking Caribbean barriers to the formation of trade unions were not removed until much later. In “Trade Unionism in the British Caribbean: A Brief Survey” the author states ...
“in none of these trade union ordinances which were enacted was the right to picket peacefully recognised... a union could be formed but if it went on strike its members could not legally carry banners or posters nor could they demonstrate near their place of employment”.

In the 1930's, trade unions in Caribbean territories were severely handicapped in their attempts to protect the rights of workers from exploitation by employers for the following reasons:

- The development of trade unions was actively resisted by the employers
- Employers and the government had the power and means to influence and punish workers who give allegiance to a trade union
- The unions that existed were politically weak and inexperienced
- They lacked proper leadership and organisational resources
- The members were uneducated and socially impoverished.
- High unemployment or seasonal employment restricted the growth of trade unions

The growth of the movement was achieved only through the persistence, commitment and militancy of the trade union leadership and dedicated membership.

3. The Emergence of the Working Class as a Pressure Group

The mid 1930's in the region was marked by numerous worker disturbances in a number of islands: Trinidad in 1934; St Kitts, St Vincent, Jamaica and British Guiana in 1935; Barbados and Trinidad 1937; Jamaica in 1938; British Guiana in 1939.

Workers fought the established power groups for improved working conditions by engaging in demonstrations and strike action. The power of the working class as a pressure group was their ability for militancy and demonstrative protest. Labour movements throughout the region, began to operate as pressure groups using the power of protest and strike action to bring about social and economic reform.

4. The Recommendations of the Moyne Commission

In response to the disturbances in the territories, the British Government established a commission to investigate the causes of the unrest and make recommendations. See box below for the recommendations of the Moyne Commission relating to labour relations and workers’ representation.

**Moyne Commission Recommendations for Labour Relations**

1. Legislation to encourage the formation of trade unions and protect unions from damages consequent on strikes.
2. Legislation to ensure peaceful demonstration.
3. Compulsory registration of trade unions.
4. The establishment of Departments of Labour to assist in resolving disputes between workers and employers.
5. Factory legislation to treat with the physical conditions at places of employment.

By 1950, after much resistance from the owners of businesses and the planters, all the territories had implemented the recommended trade union legislation, which gave trade unions legal status. These recommendations allowed for the rapid emergence of the trade union movement in the Caribbean.

5. The Relationship between Political Parties and Caribbean Trade Unions.

Trade unions and political parties have historically had a close relationship. The granting of universal adult suffrage to workers in the Caribbean is partly the result of the agitation of trade union leaders not only for the economic well-being of workers, but also for their involvement in the political process. In some islands political parties grew out of trade unions. Each country can boast of prominent nationalist leaders who have emerged from the trade union movement. See article: The Making of True Legends.

Consequently many trade unions today are affiliated with or have close alliances with political parties. This close relationship between the State and trade unions has created at times cooperation based on “sweet-heart agreements” between governments and trade unions.

**KEY IDEA**

Much of the social and labour legislation in many Caribbean countries was championed by the labour movement backed by pro-labour governments. Labour and employment policies in the Caribbean tend to be closely related to the general economic and social policies of governments.
See research paper by Clive E. Pegus, Findings and Recommendations of Study On Conflict Resolution Strategies for a summary of labour laws in Caribbean states.

6. The Leadership Style of Labour Leaders And Managers

Traditionally, for Caribbean enterprises, a primary source of competitive advantage was production cost savings resulting from lower labour cost. This labour cost advantage mitigated against good labour relations because it created conflicts of interest for workers and employers.

Managerial stance of employers

For employers, the primary objective in the labour management relationship was higher profit while reducing costs. This often meant getting the most possible output from labour for the least possible wage cost. In negotiating with unions, employers were reluctant to make full disclosure of their financial position, resisted paying improved wages and benefits to workers; engaged in punitive human resource management practices and policies.

Employers were also fearful of trade unions usurping their managerial right and adopted the stance: the job of management is to manage and worker's representatives should have no say in the management of the enterprise. Trade unions and trade union officials were often viewed with suspicion; as a humbug; an intrusion; a limiting factor on the unilateral decision making role of managers.

Union’s leadership response

To counter the actions and attitudes of the employers, the leaders of trade unions adopted the roles of negotiator and agitator fighting for wage/salary increases, improved terms and conditions of work and improved benefits for employees. Trade union leaders became skilled at collective bargaining and using hard line industrial action strategies in pursuing stated objectives. Union leaders who sought to act cooperatively with management were likely to loose the support and confidence of their membership. They were considered to have “sold out to the enemy”.

To the members, the trade union was a combative institution designed primarily to for the protection of workers against exploitation by employers. To stay in office and maintain control of the membership, trade union officers had to demonstrate belligerent, demanding and recalcitrant behaviour when dealing with employers and managers. Union leaders who had lost the confidence of their followers were unlikely to be able to influence workers to use their power the labour market- the power to strike.

7. The Approach to Collective Bargaining

Nature of Collective Bargaining

The ILO Convention No. 98 (1949) relating to the Right to Organize and to Bargain Collectively describes collective bargaining as:

"Voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by collective agreements."

Essential Features of Collective Bargaining:

- It is a method used by trade unions to improve the terms and conditions of employment of their members, often on the basis of equalizing them across industries.
- It is a method which restores the unequal bargaining position as between employer and employee.
- Where it leads to an agreement, it modifies, rather than replaces, the individual contract of employment, because it does not create the employer-employee relationship.
- The process is bipartite, but in some Caribbean countries the State plays a role in the form of a conciliator where disagreements occur, or may intervene more directly where collective bargaining impingons on government policy.

Some Pre-conditions for Successful Collective Bargaining

1. There can therefore be no meaningful collective bargaining without freedom of association accorded to both employers and workers.
2. Support of the labour administration authorities (HR manager, IRO, labour officers) is necessary for successful collective bargaining, and this implies that they will:
   - provide the necessary climate for collective bargaining, e.g. provide effective conciliation
services in the event of a breakdown of the process, and provide the necessary legal framework for it to operate in where necessary

- not support a party in breach of agreements concluded in consequence of collective bargaining
- as far as is practicable, secure observance of collective bargaining agreements
- provide for the settlement of disputes arising from collective bargaining if the parties themselves have not so provided.

3. Parties must bargain in good faith if the process is to yield positive and enduring results. Bargaining in good faith imposes a duty on both parties to approach negotiations with a sincere resolve to reach a collective bargaining agreement, to be represented by properly authorized representatives who are prepared to discuss and negotiate on any condition of employment, to meet at reasonable times and places as frequently as may be necessary and to avoid unnecessary delays, and to furnish upon request data necessary to negotiation.

4. Representative and strong unions are necessary to ensure that there is an equality in the bargaining positions of the parties and to ensure the observance of agreements.

Six Advantages of Collective Bargaining

1. Allows for the settlement of disputes through dialogue and consensus rather than through confrontation.
2. Agreements often institutionalise settlement procedures. For instance, a collective agreement may provide for methods by which disputes between the parties will be settled. The parties know beforehand that if they are in disagreement there is an agreed method by which such disagreement may be resolved.
3. It is a form of participation and the sharing of decision-making between employers and unions in areas relating to regarded as wages/salaries increases, transfer, promotion, redundancy, discipline, modernisation, production norms, transfers, promotions, retrenchments, lay-offs and work assignments.
4. It is an essential feature in the concept of social partnership.
5. Successful and bona fide collective bargaining leads to the generation of trust and contributes towards mutual understanding at the workplace between workers and the union on the one hand and the employer on the other. Effective collective bargaining improves industrial relations.
6. It tends to stabilise union membership. For instance, where there is a collective agreement employees are less likely to change union affiliations frequently. This is of value also to employers who are not faced with constant changes in union membership and consequent inter-union rivalries resulting in more disputes in the workplace than otherwise.

In the process of collective bargaining, Caribbean social partners have not always adhered to good practices and principles.

- Employers have used collective bargaining to reduce the competitive edge of enterprises based on labour costs. Unions have used the process to reduce power inequalities borne out of a master/servant relationship.
- Both parties have engaged in collective bargaining without adhering to the preconditions for successful negotiations.
- The mutual advantages of collective bargaining have not been recognized by all the social partners and as a consequence the advantages of collective bargaining have not materialized.

KEY IDEA

The adversarial nature of labour management relations has its genesis in the multiplicity of social, political and economic, legislative labour relations factors that have shaped and guided the interactions between the main social partners.

- Labour leaders and workers view the actions of managers and owners with suspicion and mistrust, and vice versa.
- Confrontation and power based on force have been the primary means of control for union worker and leaders faced with situations of unequal power.
- Labour management relations are often narrowly defined – limited to the basic form of distributive collective bargaining.
LEARNING ACTIVITY
In groups, discuss the following questions.

1. For any given economic sector, identify the factors that have influenced the relationship between management and the trade unions within the sector?

2. Describe your organisations labour relations management policy approach to collective bargaining. Give examples.

3. In a recent ruling an arbitration court in Trinidad and Tobago commented as follows:

   “…it is an understatement to say that the common law rights of an employer have been circumscribed. For all practical purposes they have been almost eroded out of existence. This has come about through the rise of collective bargaining and the principles of industrial relations practice developed under it.”

Discuss this statement presenting examples to support or refute the statement.

4. View the video tape presentation on Harris Paints Limited (Barbados) and discuss the relationship between the management and the newly established union.

Resource Material
- Morris, B, Making of True Legends, article in BWU 60th anniversary supplement, October 2001
- Trotman, L. Changing with Times, article in BWU 60th anniversary supplement, October 2001
- Caricom Declaration of Labour And Industrial Relations Principles 1998.
- Video: Harris Paints Limited (Barbados), excerpt from 1st ILO Caribbean Forum.
- ILO Conventions in Support of Collective Bargaining and Good Industrial Relations.

FREEDOM OF ASSOCIATION AND PROTECTION OF THE RIGHT TO ORGANIZE NO. 87 (1948)

The fundamental premise of a sound industrial relations system is the recognition and existence of the freedom of association accorded to both employers and workers. This freedom should include recognition of organizations of workers and employers as autonomous, independent bodies, subject neither to their domination by each other or by the government. Observance by states of the basic principles of the ILO Convention relating to Freedom of Association and Protection of the Right to Organize No. 87 (1948) is often regarded as the yardstick by which a country's recognition of this freedom is measured.

In essence, the Convention postulates that workers and employers, without distinction whatsoever, have the right to establish and to join organizations of their own choosing with a view to defending their respective interests, subject to national legislation which determines the extent to which the guarantees in the Convention will apply to the armed forces and the police.

Such organizations have the right to draw up their own constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmes. Public authorities are required to refrain from any interference which would restrict this right or impede the lawful exercise of this right.

The organizations are not liable to be dissolved or suspended by administrative authority. Organizations have the right to establish and to join federations and confederations which are entitled to the same rights and guarantees, and to affiliate with international organizations. The acquisition of legal personality by these organizations shall not be subject to restrictive conditions.

In exercising the rights provided for in the Convention, employers and workers and their respective organizations are required to respect the law of the land, which should not impair the guarantees in the Convention both in respect of its content and its application.

TERMINATION OF EMPLOYMENT CONVENTION 1982

This convention stipulates that employment should be terminated for a valid reason only, such reason being related to a worker's capacity or conduct or on the operational requirements of the enterprise. Protection is
provided against arbitrary and discriminatory termination of employment for legitimate trade union activity, temporary absence due to illness, maternity leave, race, colour, religion, political opinion, social origin or national extraction.

The need for a proper investigation before termination with the employee having the right to defend himself against the allegations made against him as well as the provision of adequate and impartial review machinery for appeals against termination action are also provisions of this convention.

It provides a serious challenge to the “at will” concept of employment which gives the employer the right to terminate an employee freely without recourse to reason.

**Section: Module 2: Contemporary Issues in Labour Management Relations**

**OBJECTIVES**

On completion of this Module, you should be able to:

- Discuss the factors driving new approaches to labour management relations.
- Define the “high-road” approach to economic growth.
- Explain the social partnership approach to labour management relations.

**CONTEMPORARY ISSUES IN MANAGEMENT LABOUR RELATIONS**

The socio-economic conditions in the Caribbean region are changing as the island states grapple with the process of regional integration and entry into the global economy. The economies of the Caribbean Community (CARICOM) member states are undergoing a process of transition from closed and protected to open and market driven. This process is accelerated by numerous separated but interrelated factors collectively fuelled by globalisation.

In response to globalising trends, new approaches and responses to labour management relations are emerging as the social partners seek to find appropriate responses to the effects of modernization and foreign competition.

In a speech delivered on the occasion of the 60th anniversary of the Barbados Workers Union in Barbados, a senior member of the union stated “… anyone who has taken time out to follow what we have been doing in the BWU will note that, while we have remained true to the basic principles governing the organization 60 years ago, we have at the same time, been incrementally adjusting our policy and our action programmes to accommodate the change we anticipate, not merely within our Barbados environment, but within the wider Caribbean, as well as our position as a trade union within these global affairs that impact on us”.

Employers and employer associations have also expressed a desire to reduce adversarialism as this restricts the implementation of change strategies to increase international competitiveness. Increasing the level of trust and cooperation between managers and workers is a preferred business strategy. The following statement by the head of a major financial institution in Trinidad underscores this view “…to achieve our objectives we have adopted a collaborative approach…the key components of our collaborative environment comprise: employee involvement and partnering with our unions”.

Governments are also changing their labour management responses by seeking to encourage more dialogue with the social partners as a means of improving the labour relations climate. There is also an increased focus on labour legislation reform, in recognition that much of the existing labour legislation is outdated and ineffective. See: Strategy Paper on the Modernisation of Ministries of Labour as Facilitators of Human Resource Oriented Strategies.

This module examines the new labour management paradigm emerging in post-industrial Caribbean enterprises and the forces driving this change.

**CHANGES IN POST-INDUSTRIAL CARIBBEAN ECONOMIES**

**The Effects of Globalisation**

Globalisation is defined as a process of growing inter-dependencies between all people of the planet. People are linked together economically and socially by trade, investments and governance. These links are spurred by market liberalization and information, communication and transportation technologies.
Two distinct characteristics of globalisation are its scope and intensity.

- The scope of globalisation is demonstrated by the increasing integration of the world economy through cross-country transactions.
- The intensity dimension is measured by the increasing interdependence and interconnectedness between economic entities in different countries.

Economies experiencing globalisation experience the following changes:

1. National economies and economic trading blocs become less ‘self-contained, and more economically interdependent and integrated due to:
   - increased direct foreign investment
   - interlocking economies
   - reduction of tariff barriers
   - increased free trade.

   **Caribbean Evidence:**
   - The movement towards regional integration and the creation of a Caribbean Single Market Economy (CSME) by members of CARICOM.
   - The regionalizing of the financial sector by the expansion of financial institutions from their home base to other territories.
   - The removal of tariffs and non-tariff barriers from commodity export products, for example bananas.
   - The establishment of Free Trade Association of the Americas (FTAA), The US Caribbean Basin Initiative and the North American Free Trade Association (NAFTA).

2. Governments are increasingly less able to control the flow of capital, information, technology, intellectual capital, people, products and services across borders. David Korten in Globalising civil Society says “the power to govern has passed from the people to distant institutions driven primarily by the imperatives of the business world”

   **Caribbean Evidence:**
   - The region has used Export Processing Zones to attract investment in low skill manufacturing, garment production and electronic components assembly. As other regions have developed EPZs, with much more competitive investment factors, Caribbean countries are finding it increasingly difficult to attract low skill type investments.
   - Industrial development in the region is underdeveloped and fragile. Many of the countries have based their industrial development on commodity products (oil, gas, bauxite, bananas, sugar) and services. - tourism is the principal service industry. With globalisation these sectors are under threat of marginalisation due to low economic growth and loss of competitiveness. Economists estimate that the region needs to sustain economic growth rates in excess of 7% per annum if it is to successfully compete with other developing regions – China, Latin America, South East Asia for development and growth opportunities.
   - Outward migration of skilled labour and knowledge workers to North America, and the United Kingdom.

3. The removal of tariffs and non-tariff trade barriers, bringing an end to protected markets and restrictions on the flow of capital, goods, services and labour. Trade liberalization has brought domestic and international markets closer. This has made it made it easier to access and move production resources across the globe.

   Trade liberalization has forced:
   - Enterprises to develop new competitive rules based on open economy market.
   - Deregulation of protected and controlled services and utilities by national governments
   - The de-regulation of financial and commodity markets, alongside the integration of goods, services and capital markets to create regional markets such as the European Union and the Free Trade Area of the Americas

4. Increased privatisation of state owned enterprises and the creation of a modern public sector investment climate.
Caribbean Evidence:

Privatisation, divestment and restructuring of public enterprises, especially those in the utility sector and transportation sectors (telecommunications, water, electricity, public transportation, airline industry).

Public service initiatives to reform and modernise the public service... “The private sector considers that the most serious impediment to the establishment of an environment best suited to the fostering of a healthy business climate is the bureaucratic culture of the public sector and the relationship between the two sectors. The relationship is at present characterised by “guarded mistrust” on the part of the public sector and a view on the part of certain elements in the private sector that the civil service is a costly and unnecessary waste of manpower.

The State has acquired a new role as a provider of the political, macro-economic, regulatory, infrastructural, institutional and social framework to stimulate investment in partnership with the private sector.

5. Production of goods and services acceptable to needs of a global market. Customer tastes and preferences across borders are determined by common attributes such as quality, speed, technical superiority, short product life, customer service and product differentiation. Enterprises now require production and managerial flexibility to respond quickly to changes in market demand.

6. The emergence of new production structures. One such example is the global enterprise, in which a product or service is produced and distributed by a network of enterprises across the world, each enterprise contributing to the global manufacturing and distribution process based on its core competencies.

At enterprise level new production techniques have allowed enterprises to produce products and services with lower cost, improved quality, shorter production cycles and faster delivery to customers.

Enterprises are experiencing higher levels of output with fewer workers. Increases in productivity require workers who are better trained and educated with the ability to perform a wider range of jobs. Much low-value, low skill jobs are disappearing from the workplace.

Caribbean Evidence:

Caribbean enterprises are entering into smart partnerships or strategic alliance with international enterprises. Throughout the region efforts are being made to attract foreign investors, as are the tourism, energy, telecommunication and small manufacturing sectors in many Caribbean countries. Additionally, there have been examples of international companies forming joint venture and other strategic alliances. Strategic alliances and company mergers have made job security for workers much more unpredictable.

Greater labour mobility and the need to acquire and retain skilled human resources, has increased the diversity of the work force. This in turn has generated new concerns for equity, equality of treatment and opportunity. The increasing influx of women into workforces has raised at the enterprise level issues relating to gender discrimination, better opportunities for the promotion and advancement of women, and welfare facilities.

7. Advances in new scientific fields such as biotechnology, electronics, genetics and material science, are producing new products and services. This has accelerated the rate of product obsolescence and increased the level of substitution. Communication and telecommunication technologies are resolving information/coordination difficulties in enterprises. E-commerce, and internet technologies have facilitated the rapid integration of markets.

The term boundarylessness is used to refer to the removal of all artificial boundaries to cooperation and communication within enterprises.
Caribbean Evidence:

The growth in the Caribbean e-commerce is a good example of the rapid spread of information technology into Caribbean commerce.

The commercial ISPs serving the Net access needs of Caribbean economies have allowed commercial banks and other financial institutions to introduce online banking services, ATM and electronic point of sale service. The emergence of company websites, intranet communications, cyber cafes and wireless access is evidence of the entry of Caribbean enterprises into the dot com economy.

8. To survive in the global market, countries have to redefine their competitiveness. Enterprises in developing and developed economies are developing international competitiveness based on factors such as innovation, investments in state-of-the-art facilities, wealth creation, organisation agility and adaptability. Enterprises are rationalising their operations by reducing costs (including both wage and non-wage labour costs). The development of proprietary technology and distinct competences are other strategies used to develop international competitiveness.

Caribbean Evidence:

Caribbean enterprises, which have traditionally based competitiveness on ‘natural resource endowments’ oil, bauxite, agricultural products. This approach has been termed “low road” strategies. The new model for international competitiveness is based on the adoption of "high road" strategies. Caribbean enterprises have responded to rationalisation by engaging in:

- **Job redesign.** To achieve the flexibility and productive efficiency required to respond quickly and effectively to market changes, broader job descriptions are now being used. This is resulting in work tasks based on broader groupings of activities, emphasising the undertaking of "whole" tasks. In some instances improved technology has been substituted for labour.
- **Business process reengineering.** In the interests of "greater efficiency", work is also being re-organized, giving greater emphasis to team based activities with a view to improving linkages across units and departments within an enterprise. The identification of core functions and peripheral functions, has led to the outsourcing of non-core activities and workers.
- **Organisational restructuring.** There is a "flattening" of management hierarchies and devolution of greater operational responsibility and authority to lower level managers, supervisors and work teams. Enterprises have used downsizing and delayering to achieve numerical flexibility and improved linkages across units and departments.
- The use of internal and external benchmarking to establish and maintain "best practice", and to leverage organisational learning.

**KEY IDEA**

The trends pushing globalisation has forced enterprises in developed countries to adopt new competitive requirements and forge new labour management relationships. Enterprises in developing economies must develop new approaches to competitiveness and labour management relations in order to adequately respond to the forces driving the 21st century world economy. Failure to do so increases the risk of marginalisation, as globalisation tends to accentuate the world’s inequalities.

**CHANGES IN INDUSTRIAL AND LABOUR RELATIONS**

Just as the economic environment is changing, the political and industrial relations environment in Caribbean states is also changing.

**Evidence of the change**

- The strong alliance between the labour movement and government regimes has weakened over time, as a new cadre of political leaders from the professional class have emerged. The generation of political leaders born of the trade union movement is dawning to a close.
- The State in many countries has adopted a new stance as a facilitator of economic development by focusing on institutional strengthening and effective governance of the public sector. In many
countries, the State has been reducing its workforce. This affects the labour movement as Government service tends to be amongst the largest unionised sector in Caribbean economies.

- As governments have pursued open market strategies new labour practices have emerged. Outsourcing, subcontracting, the increase use of part-time and temporary labour and flexitime have become practices.
- Worker commitment to unions appears to be on the wane, especially for well educated “generation X’ers”. Educated knowledge workers are less likely to be attracted to or dependent on trade unions. This trend is affecting the movement’s ability to attract young recruits from the professional and managerial class.
- Increased diversity in the workplace has brought more segmentation in the workforce and new worker needs. Trade unions have to address workers’ concerns relating to HIV/AIDS, gender equity, sexual harassment, equality of treatment for physically challenged workers, workplace violence, crime, the expansion of the informal sector and environmental protection.

In response to these changes in the labour market, trade unions have to shift from an adversarial system of industrial relations to one based on partnership building.

**New Approaches to Industrial Relations and Labour Relations Management**

In response to the new competitive pressures, and changing labour markets, the social sector partners have recognised the need to develop a new response to labour management relations. The new response embraces the building of partnerships, the deepening of tripartite consultation and the adoption of new approaches to collective bargaining.

1. **Social Partnerships**

The social partnership model is based on the coming together of the social partners to address critical industrial relations issues. The collaboration of the social partners results in the drawing up of an agreement document or protocol. The protocol defines expected levels of conduct during the life of the agreement, and defines the various ways by which conflict can be resolved. An important element of conflict handling is the strengthening of the relationship between the partners.

The following quotations from the General Secretary of the BWU on the occasion of its 60th anniversary points to the new thinking emerging in the labour sector in the region:

“Another preferred approach for us is the tripartite discussions of social partners who recognise their shared responsibility for the labour market, each one understanding that it has as much a responsibility as the other for what happens in the labour market, and what happens to people who are excluded……”

“The BWU prefers the labour management approach which is based on voluntarism. This is a system where the Government permits the employers and the trade unions, with minimum government interference, to conduct labour management affairs and to reach levels of satisfactory relationships which the parties feel they can properly live with .... the Government still has to set down certain minimum standards below which the players will not go……”

“This method of voluntarism permits integrity and honour to govern bargaining in the market place....”

“We believes that trust and understanding must be the underpinning of any relationship for it is only when parties trust and understand each other or, in the tripartite mode, trust and respect one another that we will be able to tackle problems together rather than to attack each other.”

“...there must be an arrangement for shared responsibility with employers to channel the resources of workers in the national response to globalisation and trade liberalisation ...”

**Caribbean Examples**

The Caricom Declaration of Labour and Industrial Relations Principles in 1995 to the Social Partners.

This document sets out “the general Labour Policy to which the Region aspires, consistent with international standards and other international instruments. It is an important policy guide on labour matters for the Social Partners and will contribute to the development of a healthy industrial relations climate, and enhanced social partnership. It underscores the rights and responsibilities of the Social
Partners, and provides the bases for the development of national labour policies, and inform the enactment of labour legislation”.

In the Barbados Protocol Three for the Implementation of Social Partnership 1998-2000, entered into by the government, the private sector and workers’ organisations states in its Statement of Intent: “1.1 The Social Partners desire through association in a Social Compact to create a modern, efficient economy which is able to produce high and sustainable economic growth accompanied by increased employment, to establish through low inflation an equilibrium between prices and incomes, and to achieve a society which enjoys a greater degree of inclusiveness in all its facets ……”

1.2 The Social Partners regard this Protocol as an instrument of policy to achieve industrial harmony and as a means to confront the challenges of globalization and the demands of the information age with a view to improving the competitiveness of the economy as part of the future social development of Barbados.”

2. Integrative Strategies in Collective Bargaining

Collective bargaining between management and labour have often focused on distributive approaches in which both parties reach agreement over the allocation of wages, benefits and other conditions of work. The goal in distributive bargaining is not to assure that both sides win, but rather that one side (your side) wins as much as it can, which generally means that the other side will lose, or at least get less than it had wanted. Distributive bargaining tactics rarely assume the ‘economic pie’ will be divided in half.

Common tactics include:
- Trying to gain an advantage by insisting on negotiating on one's own home ground.
- Having more negotiators than the other side.
- Using tricks and deception to try to get the other side to concede more than you concede.
- Making threats or issuing ultimatums.
- Trying to force the other side to give in by overpowering them or outsmarting them.

A new approach to collective bargaining is integrative bargaining. Integrative bargaining, which is less antagonistic than distributive bargaining, places more emphasis on the adoption of collaborative approaches that will enhance enterprise productivity and create value for all parties - make the economic pie bigger. Integrative bargaining approaches are employed when two sides facing a common problem, seek solutions as equals. By “cooperating and focusing on interests rather than positions, the pie can almost always be enlarged or some other way can be found to provide gains for all sides.”

Integrative bargaining approached have been successfully used in the automobile and steel industries in the USA - see articles. Forging New Ways to Work – Steel Plant Management And Union Work Collectively, Not Separately. Power Sharing In Unionized Organizations - Excerpts From An Article By Robert W. Ahern, Partner, Competitive Human Resource Strategies, Inc.

Continuous Improvement and Unions: Alternative Strategies.

In Caribbean enterprises integrative bargaining is in its infancy. Years of mistrust, class separation, perceptions of worker manager inequality, role stereotypes and lack of trust are standing in the way.

3. Labour Legislation Revision – Government’s response

Labour and employment legislation in Caribbean state have tended to be aligned to the furtherance of government economic policies. Generally the labour legislation has been geared to foster an industrial relations climate that encourages investment. This goal may not always be consistent with good labour standards.

Labour legislation in Caribbean states have the following common features:
- Decision making based on the ILO standards of tripartism.
- Equal pay for equal value of work.
- Systems and processes for the administration of labour and the settlements of disputes.
- The enactment of ILO labour standards pertaining to hours of work, wages, severance pay, discipline and termination of workers, retrenchment, maternity leave, health and safety the registration of trade unions.
- The rights of trade unions to be recognised as the bargaining agents for workers in
• The prohibition of discrimination against workers on the grounds of race, sex, disability, religion, marital status.
• The rights of workers to form and be members of a trade union.

In response to the changing economic and labour market conditions, many States are in the process of revising their labour laws. CARICOM had prepared a Declaration of Labour Relations Principles as a guide for labour ministries.

Grenada has one of the most modern labour laws in the Caribbean. The Grenada Labour Code is based on ILO Standards and was developed through a process of social partner consultation, and consensus. The process took twelve years.

KEY IDEA
The social partners have recognised that traditional labour management approaches are not effective. Private sector organisations have realised that adversarial labour relations and distributive collective bargaining limits the implementation of “high road” strategies and this affects the viability and competitiveness of enterprises. Labour leaders are also aware that embracing the social partnership model is the way forward.

The Governments in the region are also supporting “high road” development approaches creating the climate for improved industrial relations through the introduction of new labour law initiatives. Together the social partners are positively influencing labour market relations.

Learning Activity
1. What are the new trends governing labour management relations.
2. Explain what is meant by ‘high road’ approaches to enterprise competitiveness and why Caribbean enterprises should adopt or not adopt more of this approach.

RESOURCE MATERIAL
• Caricom Declaration of Labour And Industrial Relations Principles
• Forging New Ways to Work – Steel Plant Management and Union Work Collectively, Not Separately. See Readings
• Power Sharing In Unionised Organizations - Excerpts From an Article by Robert W. Ahern, Partner, Competitive Human Resource Strategies, Inc. See Readings.
• Continuous Improvement and Unions: Alternative Strategies. See Readings.
• “Changing with Times” – address by Senator Leroy Trotman on the occasion of the 60th anniversary of the BWU.
• Video: The Shipping Association of Jamaica, excerpt from 1st ILO Caribbean Forum

Organisational boundarylessness can be imagined as a house that has three barriers:
• **Horizontal Barriers**: walls that divide the house horizontally. In a corporation they are the barriers between separate geographic locations, departments and product lines.
• **Vertical Barriers**: ceilings and floors. In a company differences in rank and hierarchy obstruct open communication. Information sharing should pass freely from top to bottom and across layers.
• **External Barriers**: external walls and the spaces that separate the house from neighbours. In a corporation there must be close communication all stakeholder.

**Boundarylessness thrives in a culture of openness and cooperation.**

**READINGS**
**POWER SHARING IN UNIONIZED ORGANIZATIONS**
Excerpts from an article by Robert W. Ahern, Partner, Competitive Human Resource Strategies, Inc

When viewed from the perspective of the application of power, an organization is structured to institutionalize systems for carrying out the intentions of the group(s) of people who "run" the organization. These structures and systems are designed to condition the behavior (actions) of the people that "work for" the organization.
Power over money, power over physical assets, power over knowledge, and power over communications form a matrix which conditions and controls the behavior of organization members. But power in organizations flows in all directions, including from the bottom up. Therefore, those people who wish to run the organization must somehow legitimize their use of power over others.

The legitimization process requires that the powerful undertake certain obligations, duties and responsibilities towards those subject to their power. Legitimization also requires that the leadership use its power to set and to achieve goals acceptable to the members of the organization. Historically, these requirements can and have been met in strongly authoritarian organizations which workers join by reason of economic necessity and in which the major element in the power mix is the use of the sanctions available to forcibly condition the required behavior.

Today, however, the continuing emergence of the democratic value set of our society and the heightened competitive standards of international markets are forcing the leadership of American organizations to seek new and higher levels of legitimization. They are now being required to create and implement organizations that:

- Go beyond the basic motivation of economic necessity to reach the higher order needs of workers for involvement, achievement, and enhanced sense of personal worth.
- Provide all members of the organization with a strong sense of "ownership" and commitment to the organization and its goals.
- Expose their stewardship of the organization to open critique and adjustment through consensus processes.
- Increasingly, it has become obvious that this task is no longer optional. The use of power in American firms must be legitimated to the point that it permits the deep involvement and value commitment of all its members in the success of the enterprise.

ALTERATIONS IN MANAGEMENT POWER

Given this new configuration for industrial governance, how do the power dynamics between the parties change? Let us examine the power gains and losses. First, consider management: the essential economic and organizational power of management remains undisturbed. The ownership of the business and its attendant rights and powers still reside in management. Management sets direction and strategy. It makes the essential business decisions and retains the right to allocate its resources as it sees fit. It can still close operations subject only to current NLRB and court decisions and guidelines. It can still adjust the work force subject only to whatever employment security agreement it negotiates with the union. It retains all its prior powers over the management work force. It retains and even enhances the power of its functional expertise.

With regard to plant operations and the hourly work force the following changes in power dynamics are apparent:

REDUCTIONS IN POWER

- Loss of unilateral power to make those operational decisions which are within the scope of the involvement structure.
- Some reductions in the ascribed status and power of plant management positions.
- Loss of immediate reaction capability in some cases.
- Reduction in power flowing from monopoly control of knowledge, information, and communication.
- Reduction in ability to dominate in negotiations solely through exercise of economic power.
- Reduction in ability to dominate and control through taking arbitrary positions in grievance and discipline procedures.

INCREASES IN POWER

- Increased power to affect change, introduce technology, and respond to external and internal contingencies.
- Increased power through enhanced use of the knowledge, application and motivation of the work force.
- Increased commitment of work force.
- Increased credibility, legitimacy and effectiveness of communication.
- Vast improvement in intelligence on plant processes, problems, effectiveness of management
personnel, usefulness of management systems, and the realities of the work culture.

- More professional and objective negotiations, labour relations stability, more flexible collective bargaining agreements, and significant reduction in probabilities of strike or job action.

It appears that those managements who have decided to enter worker involvement structures of this type have concluded that there is a net gain in power flowing from these adjustments in power dynamics. There is an old bromide in leadership training which sounds paradoxical: leaders gain power by sharing power. Power, because it is relational and comes from many sources in an organization, is never a "zero-sum" game. A more analytical look at the above dynamics will show that the organization's power over people shifts from the coercive power of economic and organizational sanctions towards power earned through acquired influence and value commitment.

To confront today's realities, many American managements have the courage to leave outworn ideologies behind and to grant unions and union workers power in operational decision making that only a few years ago even the most audacious union would not have requested and even the weakest management would have rejected out of hand.

**ALTERATIONS IN UNION POWER**

American unions also now appear to be ready to step forward to play a proactive role in and accept responsibility for making our industrial organizations competitive. They are concluding that the effective management of American industry is too critical to our society to be left to management alone.

It is clear that American unions are beginning to perceive joint power sharing as both a logical and a necessary step in the evolution of our collective bargaining system. A look at the changes in union power will provide some of the rationale for the union's change of position.

**REDUCTIONS IN POWER**

The ability of the union to react negatively to positive management initiatives is reduced. The ability to use economic power to dominate negotiations is reduced as is the ability to use guerrilla warfare tactics in the grievance and discipline procedures.

The union's historical stance as a countervailing force ideologically in opposition to management is compromised. The union now accepts joint responsibility for the success of the enterprise.

Acceptance of the partnership role and the responsibility for its decisions reduces the union power to harness the frustration of hourly workers to react against management initiatives.

Acceptance of joint responsibility means a potential loss of political power since the union may not now exploit management errors or rely on deep-seated distrust of management to develop political support. Union leaders must develop new political styles and strategies to build political support.

**INCREASES IN POWER**

- Increase in the scope of bargaining to cover consensus decision making on operational matters.
- Access to top management, to information (including financial information), and to the details of strategic plans and initiatives.
- Increased bargaining power to negotiate employment security arrangements.
- Increased bargaining power through the utilization and development of higher skill levels in the workforce.
- Increased ability to affect the performance of the organization and thereby increase the economic and security rewards available to union members.
- More professional and objective negotiations and an attendant ability to negotiate increased employment security and human resource systems designed to meet the higher order needs of the workforce for involvement, recognition, achievement, and a feeling of self worth.
- Increase in union members' identification with and participation in the union.
- Increased power to enhance the quality of work life through work, job, and organization design.

On balance, the union, under this new approach to collective bargaining, has a net power gain during the term of the agreement. It gains considerable power to positively influence the daily work lives of its members. By exercising the proactive leadership role in this new configuration it can provide its members with involvement and joint control in the work place, and establish a foundation for employment security. It also will have increased documentation of the contribution made by the union and its members when it comes to the negotiating table. In working jointly with management to design the new organization, it can
champion and effectuate more humanistic values in the work place and make sure its members have the necessary training, systems, and tools to become a world class work force.

At this point, most unions know that change processes of this kind cannot be used to undermine the union provided such processes are under joint control and the union is at the center of the necessary changes. However, any local union undertaking such a difficult change process is well advised to look to developing and institutionalizing a new philosophy, an extended set of values, and new roles for its leadership because, as the change process moves forward, the old philosophy, the narrow set of values, and the reactive leadership roles will become more and more obsolete and counter-productive.

**WHERE DO WE GO FROM HERE?**

The potential for joint power enhancement has made worker involvement attractive for the parties. And, in their innocent enthusiasm they have decreed “let there be empowerment” as if a fiat from the top can lead to cultural change. At present the landscape is strewn with the wreckage of such efforts. Fortunately we are learning from such disasters and the literature is beginning to reflect the learning of post mortem studies.

We are also learning from the successes and are now ready to reflexively feed back these findings to the change process and the "social actors" who can make it happen. Specifically, with regard to organization change in unionized firms, the agenda for immediate attention is becoming clear. We must first of all recognize worker involvement as an evolutionary step in our collective bargaining system. In addition we must:

- Develop a coherent and comprehensive philosophical foundation for the new organization which includes a well articulated value set. Such value set must be consistent with the economic realities we face and the basic humanistic and democratic values of our society.
- Encourage both parties to revisit their historical and ideological roots and evolve philosophies and operating principles which are consistent with those roots but which reflect the economic realities of the early 21st century.
- Redesign negotiating mechanisms, grievance and arbitration procedures, and collective bargaining agreements to harmonize with the new organizational principles.
- Develop principles and mechanisms for the joint management of operations, worker involvement and organizational change processes.
- Develop and effectuate roles for management and union leaders which take into account necessary change in status, function, power and responsibilities.
- Create systems with job structures to motivate and reinforce behavior consistent with the new value sets and organizational principles.
- Develop learning processes and structure to orchestrate and expedite evolutionary change.
- Develop a much improved understanding of human communication and design new systems to assure communication flow adequate to the need of the new organization.

By the mid-seventies it had become clear to many practitioners that the American collective bargaining system was badly in need of an overhaul. In the eighties, important experimental work was done throughout the country which provided insights and opened the door for substantial modifications. The business of these years at the turn of the century is to undertake a major reconstruction of the system. The agenda above is formidable, but at least and, at last, we have begun.

**Continuous Improvement and Unions: Alternative Strategies**

In the 1970s and 1980s corporations in an increasingly competitive world marketplace became aware that profitability and sometimes survival requires a long-term focus on continuous improvement in processes and systems to improve customer satisfaction and decrease costs. It has been widely accepted that continuous improvement requires getting those who do the work and know the systems engaged in the process of improvement. This can be done effectively only when there is delineated purpose, vision, and direction that are shared by all of the stakeholders (people who have an interest) in the system. This requires a process through which these stakeholders actively participate in creating that purpose, vision, and direction. In a unionised company, the union must be treated as a key stakeholder and the legitimate representative of employees. There are a wide range of approaches that an organization may take when dealing with a unionised organization. The organization must seek the strategy that can best result in continuous improvement within the unionised corporation. The following are strategic options available to an organization:
**Strategy 1 - Union Busting**

Management can take the posture of doing everything possible to encourage their union employees to begin de-certification proceedings. These proceedings are extremely difficult and legally risky to accomplish with only one out of four efforts likely to succeed. The de-certification process itself causes employees to divide into competing factions and usually takes years to accomplish. All of this diverts energy which should be focused on customers needs.

**Strategy 2 - Hardball**

For organizations choosing a "hardball" strategy, management takes a position in which they view the union representatives as always wrong and feel that the union must consistently be contested. Arbitration and mediation become a way of life. Management assesses a situation, figures out a solution, and then, somehow, jams the solution down the throat of the union. Management views the union as a major roadblock which must be bulldozed. It doesn't matter what the issue is, Sunday overtime premium or seniority provisions; if management is to make progress, they must remove the roadblock at any cost. From a management perspective playing hardball may be an effective strategy in dealing with unions. But, it is costly and is divisive within the plants or offices. In addition, people lose focus of their primary goal of serving the customer's needs. The focus moves from what is right to who is right. Each side presumes that their position is always right, and that is simply not true. Finally, taking a hardball approach often places the decision making authority into the hands of an arbitrator, a person who has no interest in serving the needs of the customers.

**Requirements of Management:**

- Management must believe that the union serves a legitimate and valued purpose. Management can no longer go to the union with only management issues; it must also work with the union on its interests and problems as an institution.
- Management must stop going to the union with a solution. They must go to the union with the problem and assume that together they can find a solution.
- Management must communicate much more often and with considerably more depth with its union officials than most organizations do now. A true partnership requires routine communication about all business issues. Union leaders need to understand the economic and other business realities that management leaders are facing.
- Management must earn a positive reaction from the union institution; it takes time and positive experiences before management can realistically expect union officials to venture forward and assert their influence upon their members to achieve continuous improvement. After all, every company has the kind of union-management relationship that management created. It may well not have been the current management that created that relationship, however, it was management that created the ideas in the minds of its employees that they needed a union. Management must take the lead in creating the environment in which a true partnership can emerge.
- Management must pay attention and be willing to address subjects of interest to unions. These interests include continuous training and development, safety and health, sharing the economic gain, and employment security and union viability.
- Finally, in essence, a true partnership with unions requires that management view the institution of organized labour as a stakeholder in the enterprise. When we think of stakeholders, we quickly think of customers, shareholders, suppliers, employees, and community interest groups. The achievement of continuous improvement requires that management view the union as a stakeholder as well.

**Forging New Ways to Work - Steel Plant Management and Union Work Collectively, Not Separately**

Article provided by Fontaine Associates - "Partnering For The High Performance Work Place" Taken from the April 1998 issue of News For A Change published by the Association for Quality and Participation.

Along the banks of the Chesapeake Bay, not far from the Atlantic ports of nearby Baltimore, Maryland, lay the blast furnaces, slab casters and strip mills that comprise the Sparrows Point division of Bethlehem Steel Corporation. An operation deeply rooted in history of the steel industry, Sparrows Point has come to signify not only the past, but also the future. In the 1950s a workforce of more than 30,000 unionised employees worked within the confines of Sparrows Point. Today a mere 5,000 remain after years of automation and threats from foreign competition. So to say that union negotiating can be a tenuous process in these parts is
an understatement. But in 1993 a long-term no-strike/no-layoff agreement (recently extended until August 1999) paved the way for a period of stability for all.

But just when things looked peaceful, Bethlehem Steel reported a net loss of $309 million in 1996, and talks of mill closings and relocations began to surface. In December 1997 Bethlehem Steel announced plans to merge with Lukens, Inc., a Coatesville, Pennsylvania producer of steel plate, further increasing fears that pieces of Sparrows Point would have to be closed. That brought everybody back to the bargaining table. The most recent agreement created a partnership that provides a $300 million investment in renovating Sparrows Point's current cold rolling mill (instead of moving it out of state), in exchange for the union's help in cutting costs.

Joe Rosel is the union coordinator of the partnership program, Sparrows Point Division, Sparrows Point, Maryland. Rosel has recently returned from participating in an international panel of experts at the European Institute of Business Administration (INSEAD) in France, during which people from around the world came to hear unique and innovative practices for improving organizations. In the following interview, News for a Change Editor Bill Brewer spoke with Rosel about the current state of Sparrows Point and the unique partnership that brought them there.

NFC: What have been the challenges for you as you've moved from a confrontational mode of labour and management negotiation?

Rosel: Well, we don't usually say collaboration. That word has some connotation in the union that we don't like. We like the word participation. We actively participate with the managers to make sure that the division is going to be successful. Part of that is really trying to overthrow scientific management and Taylorism. Taylor started his studies at Bethlehem Steel in 1906. So we are more deeply entrenched in scientific management than almost any other company.

NFC: Some of the ramifications of that being...?

Rosel: That the workers would check their brains in at the time clock. We didn't have to think. Management was going to think for us. That's not a really good way to work. You have to have all kinds of people looking over your shoulder to see if you're doing what they want you to do rather than have people be self-directed. Which is what the partnership agreement was saying. We should do workplace redesigns that would allow the workplace to be safer, fairer, less authoritarian with more control and influence from the workers, substantially reducing the levels of management. It was trying to get away from an authoritarian, scientific management style of managing, to one where the workers have to take on more accountability and responsibility.

NFC: The plate mill was shut down two months ago?

Rosel: Well the plate mill hasn't been shut down. It's still running, but the company's announced that the plate mill is going to be shut down by the end of the year. In this partnership agreement we have an employment security agreement. We can put people from the plate mill into the employment security pool.

NFC: And what's the employee security pool?

Rosel: If people are displaced by technology or by shutdowns like the one in the plate mill, then we can have them do other work in other parts of the plant, rather than have them laid off.

NFC: What have been some of the challenges for you over the past few years with this partnership?

Rosel: There's been the challenge of trying to communicate to people exactly what this partnership agreement is and why it's in their best interest. And also educating them about the business, about the union and about new roles and ways of working that would help us be successful in the future. Being an agent of change is not that easy. You have let people come to conclusions themselves in some cases. Give them the information, try to be factual and truthful, and have them come to the same conclusion that you're coming to.

NFC: How difficult is change from labour's perspective?

Rosel: The biggest change that's happened here in the last 12 months is the union negotiated an agreement...
to get a new cold mill in this plant that's worth $300 million by agreeing to $30 million in cost savings around changing work practices in the plant.

**NFC: What are some of those work practices that have changed to create those savings?**

Rosel: Operator assists maintenance, craft-to-craft lead-follow maintenance, combination overlaps of control tech, instrument tech and electronics, and a new position in the plant that's a union position called working coordinator that takes the place of first-line supervisors--where the union supervises itself.

**NFC: And that person's job would be...**

Rosel: Basically they are allowed to work with their tools and work with the crew, but they are the first-line supervisor. They take the place of the foreman. This is the union taking over the first-line supervisory function in the plant and making that a union position instead of a management position.

**NFC: How did management react to that?**

Rosel: At first they didn't react too favourably. We had NCBA (not covered by the bargaining agreement) positions that were hourly people the company would pull out of the hourly ranks. The company selected them without any input from the union and they became the first-line foremen. They paid union dues, but couldn't do any work with their tools even though they knew how to do the work. If you have a management foreman, they're not allowed to work. If they get caught working with their tools, the union files a grievance for four hours pay. This way (the new agreement) you have a foreman who directs the crew, but if the crew needs help, they can be utilized as part of the crew.

**NFC: How do you respond to those critics that feel these kinds of partnerships have basically co-opted the union's authority?**

Rosel: This program is put forth by the union, not by the company. We developed the training. We developed the education. We have driven this process. We caucus as a union, so that we don't lose our identity as a union. To understand, if this isn't in our self-interest, then we're not going to do it.

**NFC: What has been the biggest change in your way of thinking over the past 10 years in terms of how you approach your work?**

Rosel: The biggest change is that the union has to be part of figuring out how to best manage the plant. In other words, the management of the plant is too important to leave to the management. The union has to actually get involved in trying to manage these divisions for success. And try to do that in a win-win situation where the workers get paid more money and have a better future, but the performance of the company is also enhanced.

**NFC: What do you see as the challenges ahead for you?**

Rosel: I think that the work that we did already is going to make our negotiation in '99 a lot easier. We've enhanced performance and sustained profitability for all the years under the partnership. And it wasn't because the price of steel went up. It wasn't because the company put new equipment in the plant. It's because the people in the plant are working better and smarter than ever before. So, the main thing for us is to make sure we get our fair share of this new wealth we've created and that we continue the partnership agreement, hopefully with the no-layoff clause which has been very successful and was a big change.

**NFC: Have you seen management's perspective of these negotiations changing as you have brought something different to the table?**

Rosel: I think before the partnership, management probably thought the union really didn't care whether the company was profitable or not. Now they see that there are many people in union leadership positions who have done things to try to enhance the profitability of the division, while not really undermining the workforce.
NFC: One of those recent examples is with the plate mill and the anticipated closing. Some workers had participated in a plant wide agreement to produce $130 million in savings in exchange for the $300 million investment in the steel rolling mill, which was going to cost about 900 jobs.

Rosel: I think of the partnership process when we're negotiating around the cold mill agreement. The company says to the union that we don't have any money. We have to go borrow the money from the bank and the bankers want us to insure that we make this agreement in a way that we can get an acceptable return.

Through the partnership process and being able to have access to information and consultants, we can investigate these things. The union never made the cold mill agreement believing the company didn't have any money. We knew they had money. That's not why we made the agreement. We made the agreement because it was in our interest to make the agreement. Because the company had the option of moving this cold mill to Virginia or some other state and if they did that, it was going to be the end of Sparrows Point. So we made the agreement because it was in our self-interest to do it.

The partnership is not necessarily about trust. It's like what Deming said about quality, "In God we trust, all others must bring data." Hopefully the company tells us the truth most of the time, but even when they don't, we're able to discern for ourselves whether that's factual or not.

And yes, there are problems in the sense that the Lukens Steel decision wasn't made by the management at the division level, it was made by the corporate management. And because that deal involved the purchase of stock in Lukens, there are confidentiality questions. Having said that, there's still information that we need. What is the business case behind the company buying Lukens and how does that affect the long-term profitability and ability of Sparrows Point to be successful? If our plate mill gets shut down, and it looks like it will be, there's the possibility of layoffs, but there's also the possibility that we may not have to lay anybody off. The agreement represented 900 jobs. One hundred of those jobs are management jobs. 400 of those jobs are ones that are displaced by the technology of the new cold mill. So, that reduction of 400 was predicated by the equipment. The other 400 jobs were work practice changes that the union agreed to in order to save $30 million that was part of a whole program to save $130 million.

What happened under the partnership is that we know the nature of the steel business now. We know that the mini-plants are out there running under a different paradigm than the integrated steel companies and that we have to compete with them. The union is still making proposals to create new union jobs by profitable growth of downstream operations. So all those things are going on in partnership that never would have happened before because we would have never had enough information to try to make these proposals to correct these decisions.

NFC: You pointed out that the partnership is not about trust. I'd like you to envision a world where it was about trust. How would things be different or what would have to change?

Rosel: It would be better if it was about trust. Maybe over time we will get more trust because trust has to be earned through experience. When people tell you truth and when people do what they say they're going to do, you start to develop trust.

NFC: But why would management not have trust in you if you're coming up with ideas to help them be more successful? $130 million in savings is rather significant.

Rosel: Organizations are too big and there are too many people. Even if I trust the division president, who's to say that the corporate officers aren't going to decide that the company must move in another direction. So how do I trust hundreds of people, many of whom I don't even know? The thing is that people really need to operate in their own self-interest. You can look for win-win situations, but you shouldn't do things that are against your interest, hoping down the road, somebody's going to do something for you. You have to make the company successful and do it in the interest of the company, but you have to do things that are in the interest of the union at the same time. It's like a marriage, both people have to get something out of it.

NFC: How are those two in conflict? What's in the best interest of the union and what's in the best interest of the company?

Rosel: If you give the union and the management the same information, we're probably, in most cases, going to make the same decision. But if we don't have that information then we're liable to make an uniformed decision that may be wrong. So the partnership process gives us this information and we are able
to evaluate this information and try to make the best decision possible. And sometimes, like the disagreement around the cold mill, it's not good for the union that we have to reduce 400 jobs by work practice changes in order to get this mill. But if we didn't, we would've lost all 4,300 jobs in the long run.

We had to face reality. The business is about making money and getting acceptable returns. We're hoping that through this agreement we can actually grow the business and get some of those jobs back through profitable growth and downstream operations. But obviously, if the plant wasn't here, we'd have no chance.

**NFC:** If you were on the other side of the table, what kinds of changes would you make?

Rosel: Well, one of the goals would be... in order to become a first class company you have to treat all employees first class. But too many times in corporations, especially old-line corporations, there's a cultural division between people based upon their position in the company. I'd like to break it down so every person is as valuable as the next person and everybody's input is valued and every person is treated as first class, not as corporate people being first class, the people in the division second class, and the union another class. Everybody's in it together.

**NFC:** Creating a larger sense of community in other words. How would you do that? What would be a first step?

Rosel: One of the first steps is for people to sit down and talk. For the highest ranking people in the company to be willing to come down and have frank discussions with rank and file workers. Let them know that they actually care about what they're doing. At the same time making sure that people are engaged in the processes of making the union successful, making the company successful and also giving them a clear set of expectations of how these things are going to be accomplished. I mean, that's simple.

**NFC:** Why do you think that it is so hard?

Rosel: I think that a culture developed over a long period of time through Taylorism and other kinds of management styles that separated people more than brought people together. Instead of engaging people, it was a command and control situation where the general doesn't have to take the time and talk to the troops because he could delegate it down to somebody else.

**NFC:** What's one of the key things you learned at the European Institute of Business Administration conference last month?

Rosel: That people are the answer, not the problem. It has to come from the heart. You work to have people giving their hearts and minds to doing things as well as they can because they realize it's in their interest to do that. That people are the answer to businesses doing better. And the way you do that is to treat people very well

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CHAPTER 2
Section: THE ECONOMIC VALUE OF TRUST

The Economics of Trust
- What is the relationship between the level of trust in a society and economic development?
- Do communities in our societies have the level of trust to create the social capital required by enterprises embarking on “high road” development strategies?
- How can countries create the human and social capital required for sustaining “high road” development initiatives at the enterprise and national levels?

Chapter two addressed these questions by examining the relationship between the level of trust in a society, the development of social capital (one of the new forms of capital in post-industrial enterprises) and national economic development.

Structure of the Chapter
The material in this chapter is presented in two Modules.

Module 3 discusses some of the current thinking informing discussions on trust, the creation of human and social capital and economic development. This is followed by an examination of a new model of enterprise competitiveness for Caribbean enterprises incorporating new forms of capital. The module ends by discussing the impact of trust based labour-management relations on productivity.

Module 4 looks at trust in the workplace by examining the attitudes, behaviours and structural requirements that contribute or inhibit the development of trust. Three types of trust associated with the workplace are examined.

Objectives of the Chapter
- To understand the relationship between trust and the economic development of social groups and communities.
- To advocate the need for the social partners to undertake trust-building initiatives in order to undertake labour-management relations that support enterprise competitiveness and productivity.
- To establish the significance of trust in labour-management relations to the attainment of enterprise competitiveness and productivity.
- To define the requirements for developing trust in the workplace.

Learner Outcomes
On completion of this Chapter, you will be able to:
1. Explain in general terms the relationship between trust, social capital formation and economic development.
2. Define the relationship between trust in labour management relations and enterprise productivity and competitiveness.
3. Differentiate between structural, interpersonal and dispositional trust in the workplace.
4. Identify the requirements for building and sustaining the positive effects of high trust in workplace communities.

Instructional material
- Team role play activity
- Reading material
- Group discussions

Section: Module 3: Trust, Social Capital Formation, Enterprise Competitiveness and Productivity
OBJECTIVES
On completion of this Module, you should be able to:
- explain the relationship between the development of social capital and the level of trust in social communities;
- assess the importance of social capital formation to enterprise competitiveness and productivity in
the Caribbean economies; discuss how trust based labour-management relations impact enterprise productivity and competitiveness.

**TRUST - A CULTURAL ATTRIBUTE WITH ECONOMIC VALUE**

Trust – an intangible is “the expectation that arises within a community of regular, honest and cooperative behaviour, based on commonly shared norms, on the part of other members of the community”. The shared norms can include values such as justice, ethical practices, professional standards and codes of behaviour. Trust is culturally determined.

The development of trust requires members of a community to acquire and adopt as a whole, common norms and virtues that all members of the community ascribe to and believe in.

A social group, be it the family, the work group, or a large enterprise, relies on trust and mutually shared values in order to grow and develop. In the absence of trust, or in low-trust situations social groups rely on legal contracts, self-interest and external parties to create and regulate group relationships.

**Trust and Social Capital Formation**

Francis Fukuyama in “Trust: The Social Virtues and the Creation of Prosperity” talks of the economic value of trust in post-industrial societies pursuing global, open-market development strategies. According to Fukuyama, there is a direct positive relationship between economic development, the level of trust in a society, and the creation of social capital.

Social capital is defined as the ability of people to work together for common purposes in groups and organisations. Social capital is a capability that occurs amongst groups from the prevalence of trust and other shared values. The creation of social capital is dependent on the ability of individuals in communities to associate and work together based on the existence of shared norms and values and to subordinate individual interest to those of the larger group. Social capital can reside in small groups like the family or in large groups like a nation.

A subset of social capital is spontaneous sociability, defined by Fukuyama as “the capacity of people in modern organisations to form new groups and associations, to operate more on shared values than on contract, and to cooperate within the terms of reference established by the group”.

Spontaneous sociability can be measured by the ease with which strangers talk to one another, and an individual’s ‘radius of trust’ – the size of the circle within which people are willing to extend trust. Spontaneous sociability is critical to economic development because groups rather than individuals carry out all economic activity.

Fukuyama states, “… before wealth can be created, human beings have to learn to work together, and if there is to be subsequent progress, new forms of organisation have to be developed”. He contends, based on his research, that communities with high levels of spontaneous sociability are also high in social capital. Social capital is therefore a critical resource for countries and enterprises pursuing liberal market strategies, in a globalising economy.

**Some examples:**

High trust societies for example - Japan, Germany and the United States - have the social capital to create large, complex, private enterprises. The wide radius of trust in these societies allows for the growth of large corporations in automobiles, aerospace and semiconductors run by professional managers. He cites the following companies as examples: Kodak, Ford, Siemens, Hitachi, and Mitsubishi.

In contrast, in low trust, familistic societies where the radius of trust is small and the social capital low (Latin American countries, China, Spain, Portugal, Italy) business transactions have been limited to family owned enterprises in such areas as apparel, furniture, labour-intensive goods, plastic and electronic components. Where large-scale enterprises exist they are state owned.

**The Cause of These Differences**

Fukuyama attributes the differences in enterprise development to low trust, low social capital and the lack of spontaneous sociability.”... the reluctance of non kin to trust one another delayed and in some cases prevented the emergence of modern, professionally managed corporation... the state must step in to create through subsidies, guidance, or even outright ownership large scale businesses”. According to Fukuyama, the economic value of trust is its contribution to the creation and building of social capital with communities.
KEY IDEA

Social capital is a key resource for enterprises in developing economies seeking to increase competitiveness and productivity in a global economy. Social capital is created by the ability of people in groups to associate and interact based on shared ethical values (trust) and less on enlightened self-interest and legal mechanisms like contracts.

Trust is the crucible for the creation of social capital. In enterprises, where people work together and trust one another because they are operating according to a common set of ethical values and norms, the proclivity for spontaneous sociability will be great. Individuals with a high degree of trust are better able to innovate organisationally and form a wide range of social and economic relationships. In such an environment doing business is cheaper and easier.

By contrast, in enterprises where persons do not trust one another, cooperation is best achieved with the existence of formal rules and regulations that have to be agreed to, negotiated and enforced. This legal mechanism serves as a substitute for the lack of trust. Cooperation can also be undertaken if individuals act in their own enlightened self-interest. In such an environment there is a high transaction cost for doing business.

There is usually an inverse relationship between rules, regulations and hierarchy in an enterprise and trust: The more people depend on rules to regulate their interactions, the less they trust each other and vice versa.

A NEW LOOK AT COMPETITIVENESS FOR CARIBBEAN ENTERPRISES

The commonly accepted output measures or indicators of internationally competitive enterprises are:

- The ability of the enterprise or enterprises within an industry sector to export their products to an array of countries. An enterprise or industry that exports exclusively to one country may be benefiting from marketplace intervention. For example, the Caribbean banana industry for many years exported its products only to the United Kingdom. This was based on a European/UK protocol, which provided banana producers in the ACP countries with preferential access to markets.
- The ability of the enterprise to have direct foreign investment overseas based on the skills and assets developed at home. This indicator is based on the assumption that a foreign enterprise in order to compete with a domestic based enterprise, must offset its comparative disadvantage by having distinctive skills or assets.
- The ability of the enterprise to perform at internationally accepted norms and standards for cost, quality and service.
- The labour productivity index of the enterprise.

Many Caribbean enterprises base the development of their competitiveness on traditional factors of production (natural resources) and investment driven resources, primarily financial investments in state-of-the-art plant and machinery.

Very few enterprises base their competitive development on the development of innovation factors (based on the creation of new products) or wealth-driven factors (based on prior investment or innovations).

In today’s globalised economy, Caribbean enterprises have recognised the need to shift their competitive development from natural resource factors to more investment, innovation and wealth driven factors. This shift requires enterprises to place more emphasis on the development of the managerial and intellectual assets of its human resources. More attention has to be given to the creation and development of the human and social capital of the enterprise.

The New Enterprise Competitiveness Equation

Physical Capital + Financial Capital + Human Capital + Social Capital = ENTERPRISE COMPETITIVENESS

The Human capital of an enterprise is reflected in the skills, knowledge, attitudes and creativity of its employees. Enterprises that facilitate employee training and development increase the human resource capacity of the employees. Human resource development initiatives help employees develop the skills, knowledge, attitudes and creative abilities (human capital) essential for agility and adaptability in dynamic
The Social capital in an enterprise is built by the level of mutual trust, collaboration, information sharing, consultation, participation and communication existing among the individuals and the different social groups within the enterprise. Social capital helps enterprises respond to change, innovate and create new futures that are mutually beneficial to all stakeholders.

Social capital is the nexus in management labour relations that allows both social partners to consult each other and collaborate on issues relating to the survival and growth of the enterprise. Social capital and trust allows an enterprise to integrate into its business practices ILO principles on the treatment and management of labour.

**KEY IDEA**

Caribbean enterprises must develop labour-management relations that:

- Support high road business approaches
- Are consistent with ILO-espoused principles on labour treatment and management.
- Increase their competitiveness and productivity in the face of:
  - increasing globalisation;
  - widespread trade liberalization;
  - internationalisation of consumer preferences;
  - rapid advancement of information and production technology.

This type of collaboration is fostered within an environment shaped by shared values (trust) and spontaneous sociability.

**TRUST BASED LABOUR-MANAGEMENT COOPERATION AND ENTERPRISE PRODUCTIVITY.**

Some of the lessons on labour-management cooperation based on trust and productivity are derived from the work of organisations like the Asian Productivity Organization, and the European Foundation for the Improvement of Living and Working Conditions.

Here are some important findings of relevance to Caribbean enterprises:

- Labour-management cooperation results in economic and non-economic, tangible and intangible gains to all parties involved - it is a win-win situation.
- Participation has a positive effect on the productivity of enterprises (although the effects depend on the totality of the firms' internal characteristics), and this results in financial gains for investors, managers and workers of the enterprise.
- Labour-management cooperation leads to improved working relations, humanization of work and greater workers' self-respect and sense of achievement.
- It is difficult to implement labour-management cooperation and consultation at the firm level unless a consensus has been reached at the national level on the desirability of cooperation.
- It is best that consultation and cooperation mechanisms be established voluntarily between labour and management, free from intervention from other parties.
- Only when management will not take the initiative in establishing such mechanisms, should government come into play to convince management. Government should undertake an advisory and encouraging role in promoting labour-management cooperation.
- Management must initiate labour-management cooperation. Whether they are based upon legislation or private mechanisms, initiatives for labour-management cooperation must come from management.
- The process starts with a management philosophy that recognizes and values the human resource as the most important resource of the enterprise and that the performance of the company results from collaboration and partnership between management and workers of the enterprise.
- The people management philosophy must be translated into deliberate human resources management policies, and implemented by management styles, systems and practices at all levels of the enterprise.
- Achieving effective labour-management cooperation involves more than the installation of new procedures and processes e.g. establishment of a joint-consultation committee or a participatory productivity improvement scheme. Installation of a labour-management cooperation scheme in isolation from broad changes in organizational culture generally does not succeed. A participatory
and collaborative culture involves developing a new kind of philosophy, values, behaviours and practices on the path of both management and workers.

- Labour-management relations at the enterprise level, is strongly influenced by the nature and atmosphere of labour-management relations at the sectoral and national levels. The character and quality of labour relations at these different levels depends on each other, act upon each other and determine each other.

**Underlying Principles for Effective Labour-Management Cooperation**

Partnership and cooperation is built on a foundation of mutual trust and respect between labour and management. There must be cooperation without sacrificing the integrity and distinctive roles of the two parties. The company and union must share a strategic vision for the future, and jointly design and administer the process for carrying-out such vision. Both parties must mutually agree on goals, responsibilities, design of organizational structures, training, communication systems, sharing of gains, and other key issues.

Open continuous exchange of information, including budget and financial data, is central to the joint problem-solving and decision making process. The company and union must recognize the strong link between productivity and quality of working life, including employment security, and jointly develop strategies for achieving both. The parties while recognising the central role of collective bargaining must also be committed to shifting more issues into joint problem solving forums.

Decision-making authority is delegated to the level of organization closest to the customer or where the work is being performed.

**NOTE:** These principles are consistent with the ILO’s principles on the treatment and management of labour management. See International Labour Standards; The Declaration on Fundamental Principles and Rights at Work.

**LEARNING ACTIVITY**

1. In groups, discuss each of the 12 productivity and labour management findings in the context of the new productivity and competitiveness for Caribbean enterprises.
2. Which Principles for Effective Labour-Management Cooperation should be #1 priority for Caribbean enterprises and why?
3. How can these principles be applied in Caribbean enterprises?
4. For those principles that cannot be applied, identify what's standing in the way.

**RESOURCE MATERIAL**

- ILO Fundamental Principles And Rights At Work
- Presentation by the Managing Director Republic Bank Limited at the 14th Triennial Congress of the Caribbean Congress of Labour, October, 2001.

**The 20 Commandments of Labor-Management Cooperation**

1. Thou shalt understand what labor-management cooperation is all about.
   - It is a philosophy, attitude, and process;
   - It's a new way of business based upon mutual concern and trust.

   - Tradition has strong ties.
   - Change is often a long and difficult process.

3. Thou shalt have a Moses or two.
   - Internal champions are often crucial to eventual success.
   - If internal champions are not available, try a mutually respected third party to get efforts started.
   - Hire a leader later (if needed), but make sure he or she fits your committee.

4. Thou shalt have support from above.
   - The best form of high-level support is open leadership or direct participation on a committee
   - If this is not possible, empowering highest level officials to make decisions is most helpful.

5. Thou shalt know each other.
• Learn to understand where the other party is coming from.
• Stability of committee membership is crucial

6. Thou shalt communicate.
   • No hidden agendas here; this is not the bargaining table.
   • Keep those you represent informed in order to keep their support

7. Let thy meetings be fruitful and multiply.
   • The more time allotted to meet, the more productive the meetings.
   • Establish subcommittees if the full committee cannot adequately deal with some issues.

8. Do not let thy committee be fruitful and multiply.
   • Make the size of the committee appropriate to the organization.
   • Keep the size of the committee manageable.

9. Thou shalt not wander in the desert for 40 years without knowing where thou art going.
   • You must develop goals, objectives, and action plans and stay focused on them.
   • Develop your own bible (how to reach decisions, how to create agendas, etc.). And live by it.

10. Find thyself a good trainer.
    • Proper training of a committee is considered one of the most crucial factors in its eventual success
    • Trust-building, consensus-reaching, and problem solving are among the skills most needed by new committees.

11. Keep thy meetings meaningful.
    • Use committee, not staff, to make decisions.
    • Use meetings, not staff, to solve problems.
    • Give your committee a reason to show up.

12. Thou shalt be patient, but thou better do something.
    • Beware of high expectations, they can kill.
    • Start up safely with easy issues; don't bite off more than you can chew.
    • Don't stay in first gear forever. Eventually, the committee must deliver meaningful results.

13. Once thou begin to wander in the desert, keep, keep moving.
    • Don't let summer vacations break momentum.
    • Don't let contract negotiations stall the entire process.

14. Thou shalt not create a l3th tribe.
    • Don't create a bureaucracy to change one.
    • A bible is important, but it doesn't require five books.

15. Thou shalt not forget thy brothers and sisters in the middle.
    • Front-line supervisors and middle managers often feel left out and disempowered.
    • They can be the first to build the Golden Calf.

16. Even if thou wander in the desert, thou must check thy compass.
    • The committee must be able to step back and assess its progress.
    • Periodically ask, "How are we doing?"

17. Thy committee's work must be meaningfully rewarded
    • Continual improvement of company or organization may not be enough over a long period of time.
    • Profit sharing, gain sharing, or employee stock ownership may become the ultimate reward.

18. Thou shalt prepare for the departure of Moses
    • Committee leadership will change through elections, promotions, transfers, etc.
    • A continuous search for future leaders should be planned.
    • Quality of leadership is one of the three most important factors in the success of committees.

19. Thou shalt let committees return to their maker.
• Do not be afraid to let some efforts die
• Allow certain committees to end once their task is accomplished.

20. Thou shalt love thy committee with all thy heart.
• Commitment is one of the three most crucial elements of successful labor-management cooperative efforts.
• If commitment from the core group is missing, forget the other 19 commandments.

Source: Peter Regner, FMCS Conference Coordinator.

Section: Module 4: Trust in the Workplace

OBJECTIVES
On completion of this Module, you should be able to:
• explain the different types of trust situations that may exist in the workplace.
• identify the personal attributes and behaviours that have a high correlation with the development of personal and interpersonal trust in enterprises.
• Identify the organisational requirements for creating trust in the workplace.

Different Types of Trust in the Workplace
• System, Impersonal or Structural Trust
• Interpersonal and Personal Trust
• Dispositional Trust

Trust connotes a generalized expectancy that we can rely on the word, the promise, the verbal or written statement of another person or institution.

Trust implies:
• reliance on and/or confidence in some event, process or person.
• reflects an expectation of positive outcomes.

System Trust
Founded upon social or institutional structures in the situation, and not on the person or personal attributes of the trusted parties. Impersonal trust arises from institutional or organisational situations. For example, the trust we have in the financial and banking institution is a function of the assurances provided by the banking and financial regulations. Likewise we trust the judicial system to uphold the rules of law enshrined in our Constitution.

In organisations, system trust exist to the extent that a company's practices, rules, regulations and processes make employees feel secure and assured. Employees feel confident and comfortable in work environments where their expectations, beliefs and perceptions of the company are continuously met and reinforced in the company's systems, rules and regulations.

Underlying Assumption
Organisations must develop impersonal structures (systems, policies, practices) that enable employees, customers and other stakeholders to feel secure and assured.

Personal and Interpersonal Trust
• Personal Trust - One person trusts another person, persons or thing(s) in a specific situation. The trusting entity is one person and trust is directed to another party of parties.
• Interpersonal Trust - Two or more people or groups trust each other in a specific situation. Interpersonal trust is situational or relationship specific.

In both personal and interpersonal trust, the basis for trust is dependent on the attributes the trusted person or group possess in a given situation or relationship. Interpersonal and personal trust develops when there is a trusting belief system between both parties.

The development of a trusting belief system is dependent on the extent to which individuals in a relationship consistently display behaviours associated with trustworthiness. The beliefs and perceptions of trustworthiness the trustor holds of the trustee significantly influence the level of trust between both parties.
In interpersonal and personal relationships, the most common factors or attributes associated with the nurturing, development and maintenance of trust based on a belief system are:

- **Honesty** - defined by integrity and truthfulness. Honesty means one makes good faith agreements, tells the truth and fulfils any promises made. With honesty, one proves one's willingness to be trustworthy by making and fulfilling agreements to do so.

- **Competence** - defined as the technical and interpersonal knowledge and skills required to do one's job. The essence of competence is efficacy- the capacity or ability to produce a desired result. Competence means one party has the ability to do what the other party or person needs to have done.

- **Predictability** - defined as reliability, consistency. Predictability means that one's actions are consistent enough that another can forecast what one will do in a given situation. Predictability assumes objectivity, good judgement and impartiality in handling situations. Having predictability means that one's willingness and ability to serve another's interest does not vary or change over time.

- **Benevolence** - means one cares about the welfare of the other and is therefore motivated to act in the other person's interest. Loyalty, the willingness to protect and “save face for another”, is associated with benevolent motives. The essence of benevolence is the willingness to serve another's interest.

**Underlying Assumption**

If one is consistently (predictability) proven to be willing (benevolent) and able (competent) to serve the interest of the other party (the trustor) in an honest manner, then one is worthy of trust.

**KEY IDEA**

Managers and union leaders who want to develop trust-based relationships must constantly display behaviours that develop trusting beliefs.

**Dispositional Trust** - arises from the personality attributes of the trusting party. For example, the trustor has a general tendency to trust others across situations, or has a general faith in the goodness of others or of human nature.

Unlike interpersonal and structural trust, dispositional trust is not situation or relationship specific. Dispositional trust exists to the extent that a person displays a sense of basic trust - a consistent tendency to trust across a broad spectrum of situations and persons.

An example: In response to the questions:

Do you trust your new supervisor? Do you trust the new shop steward? The employee replies “I normally trust all new people at work.”

This response is an indication of the employee's level of dispositional trust. Dispositional trust directed towards people.

**HOW WE LEARN TO TRUST OR MISTRUST OTHERS.**

At birth we are totally dependent on others. Our primal needs re food, warmth, comfort, and cuddling (physical stroking). If these needs are met reasonably well, we conclude the world is a pretty good place where people can be trusted to look after our interest. But if these needs are not consistently met, we logically infer that the world is uncaring, cold and unreliable.

Though we are too young to think others are untrustworthy, we feel distrust, and this feeling is much harder to root out than the conscious, thoughtful conclusion that the world is unsafe. While some people grow up feeling they can risk trust, others are forever suspicious; they feel that if one doesn't take care of one's self, no else will. Both types are living by correct emotional appraisal of the environment they grew up in and may assume the whole world is as they have experienced it. Many people, of course, fall somewhere between these two extremes.

Our general level of trust is also influenced by messages we receive from the people who raise us. If our parents have learned to distrust others, they are likely to tell us - in both verbal and nonverbal ways- that the world is an unreliable place where we must constantly be on guard against others. Their message may become explicit in statements such as “you can't trust people to do what they are told” and “People will
shaft you every chance they get.”

Our parents may also have taught us how to treat people when we don’t trust them—by checking up on them, trying to control their behaviour, and setting up safeguards that clearly convey our lack of trust. These lessons often become ingrained by the time we are three to seven years of age.

When either emotional or taught distrust becomes locked into our personalities, it becomes more powerful than reality. It becomes, in effect, part of our subconscious “operating mode.” Thereafter, we tend to gather information from our world that supports the conclusions we’ve already reached, and these conclusions are reflected in our actions.

We can think of trust as a survival mechanism that adjust itself, according to the information it receives as we grow and develop. Unfortunately, this information may reflect not reality but our own interpretation of reality.

**Source: Shea, Gordon F., Building Trust in The Workplace (AMA, 1984.)**

The degree to which we trust other people in general (rather than specific individuals) is generally influenced by:

- Early life experiences
- Emotional experiences associated with those experiences
- What we are told about others.

In a work situation, an employee will display dispositional trust towards another employee based on a belief system influenced by belief-in-others, or a trusting stance.

Belief-in-Others. The individual assumes that others are generally trustworthy—hence one should always trust others. This belief system will support the individual in developing trusting beliefs about the other party that influence the relationship.

A Trusting Stance. The employee believes that regardless of whether people are good or bad, one will attain a better outcome by trusting them. A trusting stance therefore causes one to be willing to trust others for the achievement of a desired outcome or result.

**KEY IDEA**

Developing dispositional trust involves reprogramming the subconscious to dilute and “unlearn” early conclusions related to trust and others.

**How Can Enterprises Help Employees Develop Dispositional Trust Based on a Trusting Stance?**

- Creating a work climate in which organisational goals and success are dependent on the collaboration and involvement of all, organisations can help employees develop dispositional trust. Within organisations we trust others according to shared goals, our evaluation of their competence, reliability, honesty, and above all their attitude to us.
- Dispositional trust can be enhanced in a work environment characterised by:
  - shared values and goals;
  - communication systems for facilitating the sharing of information across organisational boundaries;
  - openness and accessibility;
  - defined organisational roles;
  - procedures for effective conflict resolution (win-win strategies).
- Creating an organisational culture conducive to trust. Empirical research has shown a strong correlation between several organisation culture variables and the levels of trust in an enterprise. Some of the more significant organisation culture variables include:
  - Participation in the decision-making process.
  - Level of autonomy.
  - Feedback.
  - Communication.
  - Supportive managerial behaviour.

**The Benefits of High Trust in Worker Management Relationships**

- An effective ingredient in facilitating organisational change, for example restructuring, the introduction of new technology, job reclassification.
- Increased productivity.
- Increased worker responsibility and competence, improved morale.
- Reduces friction among employees and between management and the worker’s representatives.
- Provides the organisation with stability good for long term survival of the organisation and the well being of employees.
- Facilitates the linking of ILO Principles with business strategy.
- Facilitates the enterprise in applying high road approaches such as strategic human resource management practices.
- Allows labour and management to explore new types of bargaining, for example integrative bargaining, and concession bargaining in addition to the distributive bargaining.

**The Consequences of Low Trust**

- Low levels of trust have a negative impact on the effective functioning of enterprise. The work atmosphere is marked by low levels of energy and commitment.
- Employees usually operate under high levels of stress. They spend a great deal of time and effort justifying past decisions, covering their backsides or looking for scapegoats when problems occur. Under these conditions productivity and employee morale ultimately decline.
- Innovation is difficult to achieve. Change is viewed with suspicion. Any one who ‘bucks the system’ with complaints is punished.
- Employees are afraid of being reprimanded for failure, or ridiculed by their colleagues. They shy away from new activities and new ways of thinking.
- Employees operate with incomplete information and often treat other people’s suggestions with suspicion.
- Status becomes very important, with an emphasis on the chain of command. People feel locked into their jobs.
- Barriers to communication are erected and information is not shared openly and honestly. This weakens the decision-making process, and in the end poorer quality decisions are reached.
- Low levels of trust between managers and workers can impact on enterprises in many ways, for example it may:
  - Reduce productivity.
  - Stifle innovation and impede change;
  - Hamper the decision-making process;
  - Promote excessive self-protect and justification;
  - Restrict employee participation and involvement;
  - Create a combative labour relations environment with high transaction cost;
  - Create the conditions for win-lose situations at the negotiating table.

**Critical Success Factors in Building Trust in Enterprises**

In Caribbean enterprises, management and worker’s representatives can build trust-based relationships by ensuring that there is a common goal or objective, a mutually desired result underlying their labour relations agenda.

There are certain fundamentals that are necessary in preparing for trust building; and management and labour need to agree on these.

- **Goals:** Do the union and management share the same organisational goals? Do we want similar results?
- **Competence:** Does the manager, worker representative or joint consultative team have the required knowledge and ability for the task at hand?
- **Reliability:** Will the management or the union honour commitments? Does integrity exist?
- **Honesty:** Are we getting all the information we need to know from both sides?
- **Attitude:** Does the other party want us to succeed and look good in the eyes of our membership?

Guidelines for Managers and Union Representatives Desirous of Building Trust Based Relationships.

- Managers and union representatives build trust by “walking the trust talk”, by “doing trust”. This includes treating people with respect, telling hard truths, standing with them when they deserve support, communicating and defending organisational goals and values.
- There must be a commitment to build trust. Both parties must keenly desire, for the good of the enterprise, the creation of a workplace based on mutual respect, collaboration and relationships.
- The reward systems within the organisation must encourage high levels of trust by rewarding managers and union representatives who consistently demonstrate trusting behaviours at work.
In relating with each other for example at the bargaining table, during non-crisis meetings, in operational meetings, leaders from both teams must display supportive behaviours that reduce defensiveness in others—see table below.

Trust Building Actions and Behaviours

- Committing to a possible loss based on the other's actions;
- Placing resources or authority in the other party's hands;
- Providing open honest information;
- Maintaining confidentiality;
- Cooperating or task coordinating;
- Entering informal agreements;
- Entering a bargain with another under risk conditions;
- Increasing one's vulnerability;
- Reducing one's control over the other;
- Allowing another to influence you;
- Risk taking;
- Increasing the scope of the other person's discretionary power;
- Expanding the role of others;
- Involving subordinates in decision making;
- Reducing the rules placed on the other's behaviour;
- Displaying dependability.

Supportive Behaviours Non – Supportive Behaviours

Be Descriptive. Descriptive behaviours describe visible, observable and verifiable information Use Less Evaluation. Don't attribute motives, engage in mind reading, or make judgements based on emotional prejudice, residual anger, or a desire to avenge past hurts. Exhibit Equity and Equality of Treatment. Create feelings of equality. Treat others as equals. Reduce Superiority. Rank, power, trying to get the upper hand, creates resentment and anger in others.

Be Empathic. The ability to share in another's concerns, to project your understanding from their point of view. Use less Neutrality. Displays of indifference, lack of caring, lack of interest into the concerns of others.

Be Provisional. Be flexible, open to new ideas, viewpoints, and information. Display a willingness to shift a position. Be Less Certain. A dogmatic stance leaves no room for the accommodation of new ideas or information or viewpoints.

Adopt a Solution Orientation to Problems. Focus on finding mutually acceptable solutions, areas of agreement and consensus. Use Less of a Problem – Orientation. A problem orientation tends to focus on the problem – why things are not right.

**LEARNING ACTIVITY**

1. In small groups, discuss the importance or relevance of benevolence, honesty, predictability and competence in the development of trust between managers and workers.
2. Are these important attributes for the maintenance of trusting relationships in enterprises. Give examples to support your view.
3. View the video on the St Vincent Electricity Company. And discuss the following:
   - the type of trust constructs identified by the presenters.
   - examples of impersonal structures that were used by the company to create an atmosphere of trust.
4. Reflect on your own organisational experience, and share one example to illustrate a situation with
   - low levels of trust and another with
   - high levels of trust.
5. For your organisation, identify what organisational factors contribute to the development of systems trust or impersonal trust.

**Self-Assessment Exercise : Understanding Your Trust Level**

- Here are some things you can do to understand your level of dispositional trust.
- Pay attention to the effects of your behaviour on others. Does your tone of voice, gestures and statements engender trust or distrust.
- Become aware of your feelings to others during meetings and one-on-one conservations, and try to determine where these feelings came from. Were they taught by others or did they originate from
early life or organisational experiences.

- Examine your work experiences for repeated instances of disappointments and failures. Was trust involved in these circumstances?

**xperiential Role Play Activity**

Volunteers form two teams - a management team and a worker representative team and read the role play scenarios for each team.

Let the role play run for about 20-30 minutes before stopping the interaction.

Process the activity by asking both teams to comment on the behaviours displayed and the effect it had on the discussions.

**Role Play Scenarios**

**Management team scenario (to be given to this team alone)**

This is a cross functional team. The team has been formed to look at the issues associated with the introduction of new equipment in the service and repair department. The proposed new equipment requires a substantial capital investment. It will most likely require retraining of workers, changes to the customer billing system, the inventory management process and the process for customer repairs. This is the fifth meeting the team has had with the union on this matter.

The meetings have not been proceeding well, due mainly to the resistance on the part of some leaders of the union to the idea of change. The level of trust between some members on both sides is low.

Today the management team has decided to take a new approach. Instead of becoming defensive, the group has agreed to be supportive by displaying trust building behaviours.

Meeting # 6 is scheduled for today at 9.00am

**The Union’s Team scenario (to be given to this team alone)**

The team has six members, all seasoned negotiators. They are accustomed to dealing with management. In the past the approach was one of intimidation. The leader of the team is suspicious of the company's intentions with this new initiative.

The union is convinced this is another plot to weaken the union and divide workers. The members of the team have refused the company's attempt to learn more about the new process. They have instructed their members to resist all attempts by managers to “buy them over”. The union intends to win this battle by applying stalling tactics at each meeting to emotionally wear down the management team. Meeting #6 is scheduled for today at 9.00am.

**A Case of Low Trust**

You could cut the tension with a knife. No one was talking. This budget committee and the union had been working on this exercise for well over six months, but the relationship with Max, the team leader, was broken.

The issue on the table today was a significant budget cut. No one wanted to speak up. The management team knew Max was going to drive the agenda anyway, so what was the point? The way to survive in this company was to keep your head down.

The union representatives did not believe the company's data. They had asked for additional information and it was not presented. They were not prepared to entertain any new discussions or shift their position.

After the meeting, Alicia from the management team said to her colleague Ryan, “If only we could have told him his plan would not work, that the union would not support it, and we should listen to their concerns. But I’m not willing to be yelled at.”

The budget cuts went as Max had planned, but in the process he lost four of his top seven managers, including Alicia and Ryan and the relationship with the union was strained.

Were Alicia and Ryan just timid managers needing assertiveness training? Or was Max too much the commander in need of sensitivity training? Was the union just being uncooperative? Or was the work culture not supportive of open and honest dialogue?
CHAPTER 3
Section: A STRUCTURED APPROACH TO BUILDING TRUST IN LABOUR MANAGEMENT RELATIONS

This chapter examines how trust can be developed through the application of appropriate strategies. Trust is a resource, an investment in the human capital of enterprises. Building trust is both a process and an outcome of organisational change and transformation.

In module five, trust based mechanisms to support labour-management cooperation at the national and enterprise level are examined. Some preliminary findings on a study looking at enterprise that have embraced high road strategies are also examined.

A model for understanding organisation change and the leadership requirements for managing organisational transformation are discussed at the end of the module.

Objectives of the Chapter
- To present examples of mechanisms that can be used and are in use by Caribbean enterprise and sector partners in the development of trust.
- To provide framework for understanding the process of organisational change.

Learner Outcomes
On completion of this chapter participants will be familiar with activities that can be initiated to support the development of trust in labour management relations.

Instructional Resources
- Reading material
- Case studies
- Video presentation
- Group discussion

Section: Module 5: Mechanisms for Building Trust in Labour Management Relations

OBJECTIVES

On completion of this Module, you should be able to:
- identify different mechanisms used to build trust in labour-management relations.
- evaluate the impact of trust building initiatives on labour-management relations.
- recommend strategies that can facilitate the development of trust in enterprises.
- define the leadership requirements for managing the process of trust building in enterprises.

MECHANISMS TO SUPPORT PRODUCTIVITY AND COMPETITIVENESS

- Trust is a lubricant that allows social groups to cooperate and operate efficiently. It is the mechanism that allows for the development of social capital in complex social groups. Building trust is an investment in the human capital of enterprises.
- Trust is culturally determined and manifested in behaviours and attitudes. It is defined as an expectation between social groups based on shared values, beliefs and expectations.
- Trust building is a process that can be facilitated by individuals and enterprises to facilitate organisational change and institutional capacity building.

In the labour market, trust building mechanism can be initiated at two levels:
- the national level
- the enterprise

Mechanisms at the National Level

At the national level the social partners are the initiators of positive action to promote labour management cooperation as a means for enhancing national productivity and competitiveness. Trust building initiatives and strategies at the national level provide the legal and regulatory environment (impersonal structures) that provide employees, social partners and the wider public with assurances and confidence.
While all the social partners are accountable for developing national level mechanisms for labour market relations, the state has a significant role.

**Redefined Role for Labour Ministries**

Through their ministries of labour, governments have an important role in facilitating the development of national productivity and competitiveness initiatives. In many countries, the legal framework governing the relationship between workers and employers in Caribbean enterprises have reinforced the adversarial orientation of labour management relations. The regulatory framework governing industrial relations has relied primarily on conflict resolution through protective labour laws, conciliation and dispute settlements mechanisms, and collective bargaining than through consensus building.

This approach is predicated on the belief that problems in labour management relations are caused by factors external to the enterprise. These external factors originate from imperfections in Caribbean labour markets which operate against the interest of labour and causes imbalances in the power relationship between employers and employees.

The principle underlying the approaches to industrial relations has therefore been influenced by:

- A desire to protect the prerogatives of management
- the alienation of worker from the decision-making processes
- Perceptions on the part of trade unions that employers are exploitative and self serving.
- A tendency to view the relationship between employee and employee as one of ‘master and servant’ - unequal partners
- A tendency to focus collective bargaining on limited aspects of the employment relationship- wages, terms and conditions of employment designed to reduce unequal bargaining power.

Within this context labour ministries functioned traditionally as regulatory agencies.

**KEY IDEA**

Ministries of labour have to redefine their role given the new demands for enterprise competitiveness and productivity. Ministries of labour must undertake the role of ‘enabler/ facilitator’ of labour market relations that fosters social partnerships based on shared interest and values. Labour ministries must provide the policy and regulatory framework that allow for a broad view of industrial and labour management relations to encompass issues related to:

- Industrial democracy and worker participation
- Increased productivity of workers
- Enhanced competitiveness
- Poor human resource management policies and practices in enterprises
- Improvements in the quality of life of workers
- Worker education
- Absenteeism, high turnover, employee motivation.
- Revising the regulatory framework affecting the establishment and operations of enterprises. A regulatory framework that imposed excessive and restrictive administrative burdens on enterprise development restricts their capacity to compete.
- Facilitating communication and information dissemination between social sector partners and relevant social groups and institutions.
- Providing public sector services and incentives to private institutions to investments in technology, infrastructure and human resource development.

**Tripartite Consultation and Social Partnerships**

Tripartite consultation has been used in various countries to provide a broad framework for labour-management approaches to productivity and cooperation in the workplace and for setting broad guidelines on productivity improvement strategies at the national and enterprise level.

Social partner agreements outlining formal agreements to pursue common policies for example Protocol Three: The Implementation of a Social Partnership in Barbados. At the national level a key requirement for productivity and competitiveness is a stable industrial relations climate. A stable industrial relations climate inspires investor confidence, leads to the creation of well functioning labour markets, creates the social capital that allows social sector actors to jointly formulate visions and implement agreed upon strategies and policies.
2. Mechanisms at the Enterprise Level

These mechanisms are aimed at developing the social capital within enterprises to facilitate improved collaboration and decision making across organisational boundaries and stakeholders. Strategic business strategies can no longer be developed by top management without information from employees. Leaders of enterprises are aware that the competitiveness of enterprises in the 21st century resides in the skills and performance of the workforce. Information sharing, collaborative processes, stakeholder consultations are important processes that affect enterprise performance, productivity and employee motivation.

Employee Involvement Through: Workplace Democracy

Enterprises pursuing high road strategies are giving more emphasis to mechanisms that increase the involvement of employees in matters affecting their work, through consultation, information sharing and two-way communication procedures. Some factors driving employee democracy in enterprises:

- Employees at all levels are acquiring higher educational qualifications and skills. As such, they will be less amenable to management through control and commands, and will instead respond better to more participative forms of management.
- Quality and productivity tend to increase when employees are more involved in arriving at decisions at the point of production.
- Effective decision making in modern enterprises is facilitated by both information flow and the analysis of data.
- Work today requires and involves more interpersonal skills, greater coordination among workers and sharing of information.
- Participation is a great motivational tool because it gives people a degree of control, recognizes personal worth, and provides scope for personal growth. These are intrinsic rewards which flow from the performance of a job within a participatory environment. When participation extends to setting goals and objectives, it enhances commitment to achieving them.
- Enterprises desirous of moving to more value-added and knowledge-based activities need to increased innovation, creativity and better application of knowledge, all of which require worker involvement.

See case: Sears and UAW Local 1896, Using Employee Involvement as a Way to the Future

Employee Involvement Through: Joint Consultation

Joint consultation is a voluntary process entered into by social partners on the mutual acceptance of the need to avoid conflict through strikes or other actions. On joint consultative committees, representatives of labour and management consult and discuss issues related to improving the productivity and competitiveness of the enterprise.

Common Issues Handled by Joint Consultation

A range of management issues are handled in unionised and non-unionised environments under joint consultation. On these matters management merely provides information and explanations. Examples of management issues discussed via consultation include:

- Business plans and policies
- Introduction of new technology
- Organizational changes
- Production and sales plans.

The ILO Standard on consultation and cooperation is embodied in The Cooperation at the Level of the Undertaking Recommendation 1952 (No. 94). It promotes the use of consultation in the enterprise to address matters of mutual concern not covered in collective bargaining or other machinery concerned with the prescription of terms and conditions of employment. The Recommendation encourages such consultation through voluntary agreements between the parties.

Joint labour-management partnerships can spark the transformation of enterprises into flexible, customer-responsive organizations better equipped to compete in fast changing global markets.

Where employers and workers cooperate on the basis of mutual trust and confidence, it is easier for them to agree on policies and practices designed to increase productivity. Conversely, where labour-management relations are influenced by mistrust, confrontation, open conflicts and disputes which disrupt production
processes, and lead to collective work stoppages, productivity drives have little chance of succeeding.

See case: Joint Consultation – The Japanese Experience

**Employee Involvement Through: Direct Worker Participation**

This involves the involvement of workers in one-off productivity improvement projects such as:

- Company restructuring
- Changing the production lay-out
- Selection and installation of new production process
- Participatory productivity improvement programmes such as the TQS, TQM, Quality Control Circles, and Work Improvement Teams.

These activities create a work environment that is conducive to organizational and individual learning. Flexibility and rapid response to market shifts become easier to achieve in such a culture.

**Workplace Communication for Productivity Improvement**

The performance and productivity of an enterprise is affected by the manner of communications with employees. Productivity management requires concerted joint action between management and workers. Confidence between management and workers is essential, and the starting point of confidence building is sharing information (and not merely 'top-down' communication). Information and communication help to promote the commitment that is necessary to improve productivity. Productivity management has a direct relationship with information sharing and communication.

Effective two-way communication can reinforce productivity by promoting the following:

- An atmosphere of trust, which is important to promoting increased productivity. If the environment generates mistrust, workers are likely to be suspicious as to whether they are receiving a fair share of the benefits of productivity gains. Without two-way communication workers would not be in a position even to judge whether their share is a fair one.
- An atmosphere of 'intimacy' and commitment to the group, which in turn would bind people together and prompt cooperation. It is basic human psychology that a high degree of communication and working together for a common goal tend to create a feeling of intimacy among those involved in these processes.
- Integration of the worker in the activities of the group and a feeling of 'belonging' leading to greater motivation and productivity.
- Participation, which involves common goals, teamwork, discipline/commitment and cooperation.
- In employees a sense of security in their jobs. This helps employees to identify their contribution with the enterprise's success, and enhances the quality of working life. It therefore leads to greater job satisfaction.
- The development of the skills and attitudes of the individual, engendering self-confidence and a sense of self worth. In highly hierarchical and 'top-down' management there is little scope for development of the individual which is needed for innovation and creativity which, in turn, promote better productivity. Innovation and creativity result in better utilization of available resources which, in the final analysis, is what productivity is.
- High degrees of consensus in decision making. With consensus, implementation of decisions is often quicker and easier because disputes or differences of opinion are less likely to occur, compared to when decisions are taken unilaterally with little consultation and information-sharing.

In support of the communication process, some mechanisms in Caribbean enterprises are:

- Non-crisis meetings
- Small cross functional group meeting
- Shop floor meetings
- Employee suggestion systems
- Company wide open forums

**The Main Elements of a Communications Policy**

- An effective communications policy should be developed but only after consultation with representatives of workers.
- The policy should ensure that consultation takes place, before management decisions are made on matters of importance.
• The type of information to be shared with workers (provided the disclosure does not prejudice either party) include:
  • General conditions of employment, including engagement, transfer and termination of employment.
  • Job descriptions and the place of particular jobs within the structure of the undertaking.
  • Possibilities for training and prospects of advancement within the undertaking.
  • General working conditions.
  • Occupational safety and health regulations and instructions for the prevention of accidents and occupational diseases.
  • Procedures for the examination of grievances as well as the rules and practices governing their operation and the conditions to be met in order to have recourse to them.
  • Personnel welfare services (medical care, health, canteens, housing, leisure, savings and banking facilities).
  • Social security or social assistance schemes in the undertaking.
  • The regulations of national social security schemes in the undertaking.
  • The general state of the enterprise and prospects or plans for its future development.
  • An explanation of decisions which are likely to affect, directly or indirectly, the situation of workers.
  • Methods to facilitate consultation, discussion and co-operation between management and its representatives on the one hand and the workers and their representatives on the other.


An important component of the competitive strategy of an enterprise is the establishment of human resource management policies, functions and practices that contribute to the productivity and competitive advantage of the enterprise. Human resource management policies and practices must be regarded as central to corporate strategies and integrated into corporate strategic plans.

In large Japanese enterprises for example, productivity improvements and the manufacture of quality products have, for a long time, been regarded as the result of a "people-centred" approach. This is reflected in their HRM policies relating to recruitment, education and training, multi-skilling, job groupings, merit rating, and pay systems. Human resource management is the nexus between labour-management cooperation and productivity.

How managers and employees treat with individual and collective issues in relation to productivity improvements and labour management cooperation depends to a large extent on the human resource management (HRM) policies, practices and procedures which exist within the enterprise.

In a flexible, dynamic environment where the work is complex and constantly changing, "direct control" based on supervision becomes too expensive and unwieldy. On the other hand, bureaucratic control based on work standardization, rigid systems and procedures and rules and regulations often becomes counter-productive and inefficient.

In such an environment, there is a need to change the managerial control systems to rely more on "self-management" from individuals and teams and less on direct control. Trust and shared values becomes important social virtues for work coordination and control based on self management. This form of control is best supported by HRM policies and practices that value and reinforce:
  • Mutual trust and confidence building
  • The sharing of core values
  • Information sharing.
  • Equity and equality of treatment.

Harmonious management worker relations are more likely to exist in an enterprise where human resource management policies and practices are geared to proper recruitment and training, motivational systems, two-way communication, career development, and people-oriented leadership and management style.

The employment of new approaches to dispute resolution at the shop floor level will offer new opportunities for employee cooperation. Union official and managers must be trained in new conflict resolution techniques which must be reinforced within the organisation.

See Mendez-Bowen, D. Collaborative Approaches to Managing Conflict, presentation at PROMALCO Caribbean Sub-Regional Tripartite Meeting: "New Forms of Dispute Resolution", 2000, Grenada.
THE CARIBBEAN EXPERIENCE

The High Road Approach to competitiveness describes the adoption by enterprises of “techniques of strategic planning, environmental management and protection and strategic human resources management”.

An important aspect in the high road approach is the practice of aligning human resource management and human resource development initiatives to strategic business goals and objectives. This approach opens the way for the application of techniques and practices that optimise the productivity of the human resource.

The Caribbean is developing its own practice of travelling on the high road to productivity and international competitiveness. In PROMALCO’s study of Caribbean practice there was ample demonstration of the willingness and the ability of Caribbean enterprises to develop and pursue a range of forward-looking strategies.

Some organisations like the Jamaica Shipping Authority had a long history of adversarial labour-management relations. There were companies without recognised worker’s representatives like, Interior Harmony Limited in Trinidad. In others, the management-union relationship was new as in the case of Harris Paints and The Barbados Worker’s Union and the St. Vincent Electricity Services. In the case of Republic Bank Limited, the change leadership style was the driving factor for the change in the relationship between the Bank and the union. In spite of the differences, these enterprises all face similar challenges of managing organisational change for survival in a changing business environment.

From the experiences documented the following common threads have emerged.

Partnership

Social sector partnering is not viewed as an alternative; it is a requirement for success given the threats of globalisation and trade liberalisation. Unions and managers have to forge a new relationship paradigm, the traditional adversarial model is ineffective. The process of change takes time and commitment on the part of both parties.

Labour-Management Cooperation

Common areas of union / management cooperation are:

- Employee welfare services
- Employee benefits
- Health and safety
- Employee training and education
- Job classification and job redesign
- Performance appraisal
- Productivity incentive programmes.

The Use of Management Practices to Build Trust

Factors that enhanced the development of trust, even in situations where there was a tradition of hostility and severe mistrust were:

- The sharing of information, especially corporate financial information.
- Teamwork.
- Investing in employee training and development. The approach taken by Interior Harmony Limited in Trinidad is a sterling example of this and its benefits to both the company and employees.
- Equality of status and equity at the bargaining table. In one example, the union spoke of the steps it took to better prepare its negotiating team and its members to understand their new role, and the changing business environment.
- The involvement of workers in decision making. Many of the companies had joint committees to address areas such as health and safety, training and development, pension administration. In one case the implementation of a new technology was delayed due to the lack of worker involvement in the decision making process regarding the introduction of the new equipment.
- Mutually acceptable operating principles or working agreements to guide corporate policy. The relationship between the St Vincent Electricity Services and the union was founded on this basis.
- The perceived credibility of the company's management in the eyes of the union executives and employees.
• The quality of leadership exercised by managers and union representatives. In several cases, mention was made of the personal competence of individual union leaders or managers.
• An absence of political interference in the affairs of the company.

ORGANISATION CHANGE AND TRANSFORMATION

Organisation transformation in complex organisations requires that the process of change and transformation be understood at three levels. Micro level changes focus on how change impacts individuals at a personal level and how individuals react to change. Organisational level changes examine changes in institutions that affect how the organisation operates. Macro level change looks at change in the wider external environment.

Developing trust in labour relations is a culture change that requires intervention at all three levels.

Seven Requirements for Managing Behaviour Change in Complex Organisations.

1. **Establish a sense of urgency.** There must be a sufficiently compelling reason for the change. This requires close scrutiny of existing competitive realities, identification of opportunities, and potential crises. Leaders in organisations, including trade unions, must undertake an accurate diagnosis of the existing environment in which they are operating.

2. **Establish a powerful guiding coalition.** These are the leaders of the change. Change agents, change sponsors, change implementers, change champions - persons who as a team can lead the change effort at all levels in the organisation. The change agents must have the capability and resources (knowledge, skills, time, power, and money) to manage the transition from existing state (current position) to desired state (the changed position).

3. **Create a vision of the future.** Having a clear vision of the future desired result helps to direct the change effort. Strategies for achieving and resourcing the vision must also be considered. Visioning the change helps organisation members answer the following questions:
   - What do we want to change to?
   - What new results are expected?
   - What is the time period for the change?
   - Who will be involved?

4. **Communicate the vision.** The future desired state must be communicated to all stakeholders and persons to be affected by the change. Communication helps to align organisational members to the goals of the change intervention. Effective change communication strategies can help individuals overcome resistance, facilitate organisation learning, and create organisational and individual readiness for the implementation of change initiatives.

5. **Empower others to act on the vision.** This requires the leadership to systematically remove the obstacles to change. It may require changing systems or structures that seriously undermine the achievement of the vision, encouraging risk taking, embracing new ideas and behaviours, modelling and learning best practices. Challenging or questioning the underlying assumptions (paradigm in operation) that inform the way things are done is an innovative mechanism for empowering others to challenge the old and create the new.

6. **Plan for and celebrate short-term wins.** Organisational behaviour change is a long-term activity. To sustain individual and organisation commitment to the process and the results, there must be acknowledgement, celebration of visible performance results. In planning change intervention there must be long, medium and short-term results. There must be milestones and critical success factors to indicate that the change is taking hold, proceeding in the right direction.

7. **Consolidate performance improvement and institutionalise the change.** As the behaviours change, as new capability is demonstrated there must be mechanisms to reward and reinforce. Organisational system and practices must be in alignment with the new results.

KEY IDEA

Trust building in the in labour management relations will require leaders to embrace a new leadership role. To lead and manage this change effort, leaders of trade unions and enterprises will have to adopt the characteristics associated with visionary transformational leadership. John Kotter describes four such characteristics:

1. **Valuing human resources.** Leaders must value the human capital of the organisation. They must provide an environment that promotes individual contributions to the organisation's work. Leaders must develop and maintain collaborative relationships, and provide the necessary resources, both
human and material to achieve the shared vision.

2. **Communicating and listening.** Leaders must develop the aptitude and skills required to interact well with others. Effective communicating and listening skills is a key ingredient for being proactive, risk taking, leading, empowering, enrolling and motivating others.

3. **Proactive.** Transformational leaders take the initiative, anticipate and recognise changes in their organisational environments, and explore possible courses of action to respond to those changes.

4. **Risktaking.** Organisational change must be initiated by leaders willing to risk. Risks are not taken haphazardly. They are considered as opportunities for which the possibility or chances of failure or success exist.

**Learning Activity**

1. Ask participants to list evaluate the approaches presented and select those that are most appropriate to their organisation given.
2. Ask for experiences on the effectiveness of joint consultative committees in local enterprises.
3. Read cases and discuss the applicability and appropriateness of the high road strategy.
4. View video on Billiton Aluminium and comment on the company’s labour management and business strategy.

**RESOURCE MATERIAL**

**Readings.**

**Sears and UAW Local 1896, Using Employee Involvement as a Way to the Future**

In the early 1980s as the country went into economic recession, Sears Manufacturing Company of Davenport, Iowa dropped from 500 to 200 employees in three years. Also, a half dozen other manufacturing plants in the Davenport area, including John Deere, JI Case, International Harvester, Caterpillar, and others, either closed or had significant layoffs. More than 20,000 high paying manufacturing jobs were "downsized" out of existence. Witnessing the deterioration within their community, labour and management at Sears realized that there was a need to act quickly to save the company. The route chosen was cooperation.

... Sears Manufacturing can trace its roots back to 1893 as a maker of leather goods, including buggy whips, military and civilian saddles, holsters, and harnesses. Sears was a leading supplier of saddles and holsters to the U.S. Army during World War I. In the 1950s, this successful company began a transition, moving away from the traditional leather goods it had produced for more than a century, repositioning itself as a manufacturer of vehicle seats. Sears Manufacturing is a four-generation, family owned business...

... In 1983 as Sears Manufacturing and the United Auto Workers (UAW) 1896 sat at negotiations, they recognized that if the company was going to continue to provide jobs for its people, both the company and the union had to do business in a different manner. Between 1983 and 1987 union and management went through a transitional period in which they overcame the "us vs. them" mentality and began to realize the profits that could be made through cooperation.

The first step was taken in 1987 after years of discussion. Labour and management began to focus on specific problems that prevented employees from being as productive as they could be. It was decided to establish an Employee Assistance Program (EAP), which would be of benefit to employees (who could find help in dealing with personal or family difficulties) and to the company (by reducing employee absenteeism and improving employee morale). The EAP project proved to be successful in improving productivity, and it set the stage for continuing the development of labour-management cooperation and for taking on other issues.

**Quad-City LM Council Conducts EI Training:**

In 1990 a second step was taken. A twelve member, joint labour-management steering committee was established, which chose the Quad-City Area Management-Management Council (QCALM) to conduct training. Both Sears Manufacturing and UAW 1896 were charter members when the Quad-City Area Management-Management Council was established in 1986.

**Quad-City Employee Involvement (EI) Process:**

QCALM first conducted an in-depth employee survey to determine the types of training that would best suit the needs of Sears. QCALM then designed a 40-hour training program. The program emphasized that change must be seen as a positive experience rather than as a threat. Developing communication, listening, team building, and problem-solving skills was also emphasized. The twelve-member steering committee was
the first to go through the EI training.

A second group of 24 volunteers also received the EI training, paid for by a training grant from the Iowa Department of Economic Development. These volunteers came from a department that was in the process of developing and manufacturing a new seat. The EI training had a definitive impact on the workforce, creating a series of multiplier effects.

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**EI Creates Multiplier Effect:**

Prior to the EI training, Sears received new product designs and ordered tooling from vendors' off-the-shelf stocks. Consequently, the result was production problems, delays, and the necessity for costly and time-consuming product design changes in order to "make it work." Using the problem solving and cooperation techniques learned in QCALM's EI training program, Sears now receives new product designs, and it works with product designers and tooling vendors to develop efficient production systems. This approach has resulted in significantly improved productivity, such as:

- reducing after production start-up design changes from a high of 84 for one new product (on a line where there was no EI training) to only 6 for another new product (on line which used a high level of EI.)
- significantly cutting the reject/scrap rate for parts, for some parts by as much as 90 percent, and typically by 60 percent or more. These positive results of management/employee cooperation were so outstanding that the company and union worked together to develop a brochure called "Quality Products Through Employee Involvement," which Sears now uses as part of their marketing program.

**Committed to Upgrading Their People:**

QCALM identified the need to upgrade the skills of Sears employees, including reading, basic skills, and general math. To put this process into motion, Sears and UAW 1896, along with Scott Community College, cooperated to offer a series of classes under the title "Skills Enhancement." Sears provided on-the-clock time, and the UAW provided the training site. During the fall of 1991 and into 1992, 50 Sears employees took part in at least one class, and 27 employees went on to complete their GEDs.

**Skills Enhancement Creates Multiplier Affect:**

The Sears skills enhancement program resulted in a general excitement about learning, that led to, in addition to the formal classes developed by the community college, a number of informal training activities were organized. These included four or six week "short courses" on how to read blueprints and how to use a micrometer. These classes were organized, taught, and attended by Sears employees on their own time. More recently, employees have been trained on the use of a new inventory and material control computer software package, a continuing series of classes for employees on SPC, regular training programs on safety procedures, and skill specific training. In April of 1992 Sears and the UAW received an award for their literacy program from the Bi-State Literacy Council.

**Sears Quality Wins Recognition:**

In 1990, Sears Manufacturing and UAW 1896 were the first recipients of the Quad-City Area Management-Management Council's Annual Outstanding Labour-Management Cooperation Award. The Employee Involvement program and the Skills Enhancement programs, along with other efforts by Sears Manufacturing and its employees, has resulted in superior, quality products that have also won industry-wide recognition, including quality awards and/or achieving preferred supplier certification from Case/IH, Ford Motor Truck Division, and Freightliner. An even more outstanding testimony to the quality of Sears products is that Sears Manufacturing recently received its ISO 9000 recognition, joining only three percent of North American manufacturers to have achieved this prestigious designation. Sears achieved this status on their first application. (Usually, 60 percent do not make it until a second or third attempt.) In their report, the ISO 9000 certification team singled out Sears employees' "attitudes of enthusiasm and their commitments to plant-wide cooperation."
**Economic Impact:**

Through the processes implemented by Sears and the UAW, the economic well being of the company has been preserved. Sears added 50 jobs in 1993, bringing its total work force by year-end to 449. They plan to add more jobs in 1994 and expect to achieve their highest sales ever. In the fall of 1993, Sears broke ground on an 11,000 square foot expansion to its plant. The addition will house administrative offices and a testing facility that will include a state-of-the-art ride simulator, which will be used to test the comfort and durability of Sears's seats and will be rented out to Original Equipment Manufacturers so they can test cab designs.

**Looking to the Future: The Human Factor:**

Sears Manufacturing and the UAW 1896 understand that it is no longer "business as usual:" that to survive and prosper in the future, products must achieve and maintain world class quality. They recognize that world class quality is only achieved through world-class employees. Sears Manufacturing and UAW 1896 are committed to providing employees with the training and education they need to reach world-class performance levels.

The various work groups at Sears that have already received EI training have seen the positive results it can achieve, and they are "passing the word." Now other work groups are asking to receive the training. They are excited about EI and what it can achieve, including:

- giving them a greater feeling of being in control of their own destiny.
- increasing the level of pride among employees due to the recognition of quality that Sears has been receiving.
- increasing the positive day-to-day communication between hourly and salaried employees.
- enhancing job security by strengthening Sears' competitive position.
- increasing organizational effectiveness, because teams are talking to each other and accomplishing things more efficiently.

**Where To Now:**

While the original steering committee dissolved after the last round of training was complete, it was replaced by a four-member, joint salaried /hourly coordinating committee that has focused its activities on developing a variety of training programs and resources, with the goal of encouraging Sears' employees to achieve the highest quality they can. One of the long-range goals of this coordinating committee is to have every Sears's employee participate in QCALM’s EI program. A secondary goal is to introduce employees from all areas of the Sears operation to the basic concepts and methods of EI.

The Sears and UAW 1896 experience has proven that through labour- management cooperation, struggling companies even in the face of economic recession can find their way to the future. The empowerment of employees has facilitated multiplier affects that have led to productivity, and quality improvements, and an invigorated work place.

**Source:** Quad-City Area Management-Management Council of Moline, IL.

**Joint Consultation - The Japanese Experience**

Collective bargaining in Japan results from constitutional guarantees, the Trade Union Act, the obligation to bargain in good faith and the right to strike. Joint consultation, on the other hand, is a voluntary system which is an outcome of arrangements between the parties based on the mutual acceptance of the need to avoid conflict through strikes or other actions. Joint consultation schemes have been the corner-stone of information sharing between management and labour and of labour-management cooperation in Japan where "unions and employers have long been aware of the importance of information sharing in an industrial relations system after bitter and protracted strikes in the forties and early fifties, both management and labour made concerted efforts to restore industrial peace and to develop a stable industrial relations system these efforts led to the development of key aspects of the modern Japanese industrial relations system, including the joint consultation, a corner-stone of labour-management information sharing."

Japanese joint consultation systems had their origins in the 1950s when it was promoted by the Japan Productivity Centre. It is estimated that by 1990 about 84 per cent of unionised enterprises had set up joint consultation schemes, and 44 per cent of non-unionised ones had joint consultation arrangements. These mechanisms, which are an aspect of two-way communication, deal with a variety of issues. In both union
and non-union establishments the most common subjects which come within consultation are working conditions, working hours, leave, safety and health, welfare and cultural activities, bonus, pension and retirement payments, work scheduling, education and training, recruitment; transfers, lay off, job assignment. There are also a range of management issues which come within joint consultation, but on these matters management merely provides information and explanations. These management issues include business plans and policies, introduction of new technology, organizational changes, and production and sales plans. Many establishments have two levels of communication. Quality circles and shop floor committees represent the mechanisms at the shop floor level, and joint consultation committees represent the mechanisms at the corporate level. These committees supplement collective bargaining in the sense that they provide the forum for information sharing prior to wage negotiations.

In Japan the frequency of joint consultation meetings vary. But on an average in unionised firms they may meet about 15 times and in non-unionised firms about 8 times a year. Research suggests that information sharing through the joint consultation system has had a positive effect on profitability, labour productivity and on reducing labour costs, especially in the manufacturing sector. Recent evidence suggests that the larger American corporations “share more business and financial information with their unions and employees than is required by law, and that information sharing within the non-union sector - where the statutory requirement for information disclosure is much less stringent - is as extensive as in the union sector.

In Japan different views on the effectiveness of joint consultation exist in relation to unionised and non-unionised firms. About 75 per cent of unionised firms find joint consultation effective, while less than 50 per cent of non-unionised firms find them so.

According to Shozo Inoue, "Effective areas of JC among the unionised establishments are: improved communication between the management and the union (78 per cent), followed by more smooth business operation, and improved work environments. Improving job satisfaction and increasing interest in management did not score high points. In contrast, the non-union establishments report that employees developed greater interest in management (45 per cent), followed by improved business operation, communication and job satisfaction.”

One of the important characteristics of Joint Consultation in Japan is that collective bargaining and joint consultation serve different objectives and are therefore not in conflict with each other.

Bargainable issues are dealt with under collective bargaining and non-bargainable ones under joint consultation. Where during joint consultation some issues become bargainable (which could happen in relation to matters on which it is not clear whether they are bargainable ones or not), they will be transferred to the collective bargaining forum. It is also an important characteristic of the joint consultation system that it does not handle individual grievances, which are dealt with under grievance handling procedures.

Joint consultation has made a significant contribution to enterprise level labour relations by creating mutual understanding on a range of management issues which impinge on the lives of employees. This in turn has had an impact on collective bargaining, which tends to take place in an atmosphere in which workers have been informed of management objectives, so that the areas for misunderstanding and conflict are considerably reduced. In effect, therefore, collective bargaining takes place from a point which has achieved some degree of common objectives. Since information on wage criteria is also shared, differences in wage negotiations (which in most countries are highly contentious) are narrowed, facilitating acceptable compromises and negotiations without disputes. Joint consultation has motivated employers and employees to generate gains and to share them for their mutual benefit.

In essence, joint consultation has become the means through which information is shared; mutual understanding is promoted; participation in arriving at decisions is facilitated; and working conditions negotiated. As such, it is an essential part of Japanese enterprise level labour relations. The enterprise level union system significantly contributes to the workability and effectiveness of the joint consultation system.”

**Conflicting Partnership: A Work in Progress**

**By Larry Casey**

Partnership, Cooperation, Employee Involvement, Quality of Work Life Programs. All words or phrases used to describe some form of employer-employee willingness to work towards a common goal as equals. These words and terms have been around for the last quarter century and they are still controversial in many
corporate or labor-management settings. For good reason old, fixed adversarial relationships die hard. When it comes to a troubled past our memories remain fixed on mistrust.

In recent years there have been countless forms of employer-employee training, many under the umbrella of "teamwork," "jointness," or "consensus." Consultants or third party neutrals have been hired to help us challenge the old way of doing things while promising "paradigm shifts" that will challenge the existing "culture" of the workplace.

The textbooks are full of examples where cooperative efforts have been praised and sometimes condemned by union and company officials. Some of the more visible joint victories have been at Harley-Davidson, Levi Strauss, United Airlines, Republic Steel, Saturn, AT&T, and United Health. Hundreds more exist. There have also been failures in numerous companies and sometimes within the same company and union, only a different division.

At the centre of both success and failure is the often elusive ingredient of trust. Trust can take years to build, yet can be destroyed in moments leaving hard feelings that may never heal. A word of caution here. Trust means always doing what you say you'll do. Think about promises kept and promises broken and you'll get a good idea if trust is part of your current professional relationship.

Negotiations in one form or another are all around us. Whether it be in the form of a pay raise, job promotion, automobile purchase, strike avoidance, curfew, homework assignment, or nuclear arms reduction, there is always some form of negotiations taking place in our lives. Until the early 1980s, the most popular form of negotiations was that of positioned bargaining. Two dynamics of positional bargaining are hard bargaining where the primary concern is the outcome. Harming the relationship is of no concern to the one with power. The other type of positional bargaining is considered soft bargaining or when you are concerned with the relationship with the other party.

Approximately 20 years ago Roger Fisher and William Ury proposed another form of bargaining and called it "Principled Negotiations." The main thrust of their approach is doing what is best for us. Another way to look at this premise is to avoid WIIFM (What's in it for me) and concentrate on trust, honesty, and character while avoiding tricks, lies, and deals.

Countless unions, companies, and non-profit foundations in the public and private sectors use some form of principles in the negotiating process. In their breakthrough book, "Getting to Yes", Fisher and Ury outlined the importance of dealing with differences. The authors encourage organizations to avoid arguing over positions and instead concentrate on the concerns of the other party. Competition is dismissed in favour of collaboration.

In northern Minnesota employers like U.S. West Communications, Georgia Pacific, the cities of Duluth, Hibbing, and Virginia, St. Louis County, Potlach, and a host of school districts now are working towards collaboration and partnership with AFSCME, PACE, CWA, Education Minnesota, and the IBEW. A generation ago this idea of joint decision making or partnering was unheard of, especially in northern Minnesota. There are many fine leaders who have put their reputations on the line in an attempt to create or maintain jobs, build a motivated work environment, and make working conditions better.

Although the research on the effectiveness is scant there are very positive signs in the federal sector that cooperation and partnering have led to better agency performance and service quality. A University of Pittsburgh study discovered that labor relations, productivity, and service quality all improved significantly when partnership training was initiated in Federal agencies.

In his best selling book, Getting Past No, William Ury outlines the imperative of partnership and cooperation throughout the world of business, where corporations are forming alliances that were unheard of before 1980. Former bitter competitors are pooling resources for research and development, sharing production facilities, and relying on one another as never before. Labor and management are continuing to appreciate that if they do not come together there may be no second chances with the increased pressures of the worldwide economy.

This new method of cooperation and partnership must be working. Consider that plant closings are down, grievances, arbitrations, strikes, and lockouts are also down when compared with the 1970s and 1980s. In many respects industrial peace is breaking out all over. Although we have not reached zero differences in the employer-employee relationship, things have improved. Where grievances once numbered in the dozens, with months between settlements, disagreements are now being settled in the very early stages with no need for arbitration. A strike vote used to take place in approximately two percent of all ratification votes. Strike votes are now taken in less than one-half percent of all ratification votes. That's not bad. Relationships
are improving. If the trend is to continue, communication, joint decision-making, conflict management, and scores of other topics need to be included in training sessions.

Where there has been a change in relationships, trust is not the only element at the core of change. Another key ingredient is to treat your opponent with respect, not an object to be pushed, but rather a person to be persuaded. Instead of changing the other person by direct pressure or power, work on changing the environment in which you both make decisions. It is extremely important for your partner to draw his or her own conclusions and choose for themselves. It is equally important not to win over them but to win them over.

For those of you who view partnership as a sell-out of management's rights or the end of working class struggles, I would offer this as a thought. Partnership is not the end of collective bargaining and decisions through compromise. This tried and true form of negotiations has served us well for most of the 20th century. Tough economic times, recessions, and global economics forced employers, unions, and various corporations to look for a new way, perhaps a better way, to settle differences during contract administration or negotiations. Collaborative decision-making or win-win bargaining, though not perfect, may help stabilize local economies and improve employer-employee relationships. There will no doubt still be conflicts. Indeed better decisions often come about because of differences. If differences cannot be ironed out, relationships suffer, jobs are lost, businesses move or are shut down. This booming economy on a state, regional, and national basis will come to an end. Let's be prepared through solid, trusting relationships to work on and achieve what is best for "us." Creative, collaborative, and conflictive partnering will help us in good times and bad.

About the author - Larry Casey is with the Labor Education Service, Industrial Relations Centre at the University of Minnesota. He is also a National Labor Management Association board member.
Collective Bargaining

The ILO Convention No. 98 (1949) relating to the Right to Organize and to Bargain Collectively describes collective bargaining as:

"Voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment by collective agreements."

There are several essential features of collective bargaining, all of which cannot be reflected in a single definition or description. They are as follows:

It is not equivalent to collective agreements because collective bargaining refers to the process or means, and collective agreements to the possible result, of bargaining. There may therefore be collective bargaining without a collective agreement.

It is a method used by trade unions to improve the terms and conditions of employment of their members, often on the basis of equalizing them across industries.

It is a method which restores the unequal bargaining position as between employer and employee.

Where it leads to an agreement it modifies, rather than replaces, the individual contract of employment, because it does not create the employer-employee relationship.

The process is bipartite, but in some developing countries the State plays a role in the form of a conciliator where disagreements occur, or may intervene more directly (e.g. by setting wage guidelines) where collective bargaining impinges on government policy. Employers have in the past used collective bargaining to reduce competitive edge based on labour costs.

The most common type of collective bargaining in Caribbean enterprises is distributive bargaining. Other types of collective bargaining are:

- **Concession bargaining** - when some thing of importance is given back to management.
- **Integrative bargaining** - this occurs when both sides faced with a common problem seek solutions that are win-win. This type of bargaining can result in both sides having their needs met or accommodated without additional cost or gain on either side.

**Competitiveness**

The ability to produce goods and services that can meet the test of domestic and international markets while promoting and maintaining a high living standard and quality of life.

**Globalization**

The process of growing inter-dependencies between all people of the planet to create one borderless global economy. It is the multiplicity of linkages and interconnections between states and societies which make up the present world system. People are linked together economically and socially by trade, investments and transnational corporations. These links are spurred by market liberalization, information, communication and transportation technologies.

From an economic perspective, the process of globalization has three critical dimensions: globalization of production, finance and markets.

**High Road Strategy / Approach**

"Competitiveness based on innovation in products and processes, total quality orientation, improved human resource quality, better work organization, labor-management co-operation and enhanced capacity to adapt to constantly changing economic environment.

The adoption by business enterprises of techniques of strategic planning, environmental management and protection and strategic human resource management to sustain high levels of productivity and competitiveness.

The high road to competitiveness allows enterprises to adapt to the changing economic environment through products and process innovation, improved human resource quality and better workplace
organisation and relationships.

**Productivity**
A measure of how well resources are used in the production of goods and services to meet users’ needs and requirements.

**Social Capital**
A capability that occurs in social groups and communities from the prevalence of trust within that community or part of it.

**Social Compact**
The coming together of the social partners to address critical issues of national, social and industrial relations significance. The outcome of this collaboration is the drawing up of an agreement or protocol. This document defines expected levels of conduct during the life of the agreement and also enunciates the various measures and actions to be taken to effectively deal conflict and disagreements.

**Social Partners**
The three recognised agents of national economic development – labour, in particular organised labour, management and owners of enterprise and the state. This concept is embraced in the ILO principle of Tripartism.
Trust Bibliography


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Section: ILO Recommendations and Conventions For Building Trust Based Labour Management Relationships

RECOMMENDATION No. 94: CO-OPERATION AT THE LEVEL OF THE UNDERTAKING (1952)

“Appropriate steps should be taken to promote consultation and co-operation between employers and workers at the level of the undertaking on matters of mutual concern not within the scope of collective bargaining machinery, or not normally dealt with by other machinery concerned with the determination of terms and conditions of employment. Such consultation and co-operation should be facilitated by the encouragement of voluntary agreements between the parties,”

RECOMMENDATION NO.129: COMMUNICATIONS WITHIN THE UNDERTAKING (1967)

1. Employers and their organisations as well as workers and their organisations should, in their common interest, recognise the importance of a climate of mutual understanding and confidence within undertakings that is favourable both to the efficiency of the undertaking and to the aspirations of the workers.

2. This climate should be promoted by the rapid dissemination and exchange of information, as complete and objective as possible, relating to the various aspects of the life of the undertaking and to the social conditions of the workers.

3. With a view to the development of such a climate management should, after consultation with workers' representatives, adopt appropriate measures to apply an effective policy of communication with the workers and their representatives.

4. An effective policy of communication should ensure that information is given and that consultation takes place between the parties concerned before decisions on matters of major interest are taken by management, in so far as disclosure of the information will not cause damage to either party.

5. The communication methods should in no way derogate from freedom of association; they should in no way cause prejudice to freely chosen workers' representatives or to their organisations or curtail the functions of bodies representative of the workers in conformity with national law and practice.

6. Employers' and workers' organisations should have mutual consultations and exchanges of views in order to examine the measures to be taken with a view to encouraging and promoting the acceptance of communications policies and their effective application.

CONVENTION No.87: FREEDOM OF ASSOCIATION AND PROTECTION OF THE RIGHT TO ORGANISE (1948)

Part I. Freedom of Association

Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.

1. Workers' and employers' organisations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organise their administration and activities and to formulate their programmes.

2. The public authorities shall refrain from any interference which would restrict this right or impede the lawful exercise thereof.

Workers' and employers' organisations shall not be liable to be dissolved or suspended by administrative authority.

Workers' and employers' organisations shall have the right to establish and join federations and confederations and any such organisation, federation or confederation shall have the right to affiliate with international organisations of workers and employers.

CONVENTION No.98: THE RIGHT TO ORGANISE AND COLLECTIVE BARGAINING 1949:

1. Article 1

1. Workers shall enjoy adequate protection against acts of anti-union discrimination in respect of their employment

2. Such protection shall apply more particularly in respect of acts calculated to--

   • make the employment of a worker subject to the condition that he shall not join a union or shall relinquish trade union membership;

   • cause the dismissal of or otherwise prejudice a worker by reason of union membership or because of participation in union activities outside working hours or,
2. Article 2
   1. Workers’ and employers’ organisations shall enjoy adequate protection against any acts of interference by each other or each other’s agents or members in their establishment, functioning or administration.

In particular, acts which are designed to promote the establishment of workers’ organisations under the domination of employers or employers’ organisations, or to support workers’ organisations by financial or other means, with the object of placing such organisations under the control of employers or employers’ organisations, shall be deemed to constitute acts of interference within the meaning of this Article.

CONVENTION No.158 TERMINATION OF EMPLOYMENT, 1982

The employment of a worker shall not be terminated unless there is a valid reason for such termination connected with the capacity or conduct of the worker or based on the operational requirements of the undertaking, establishment or service.

The following, inter alia, shall not constitute valid reasons for termination:

a. union membership or participation in union activities outside working hours or, with the consent of the employer, within working hours;
b. seeking office as, or acting or having acted in the capacity of, a workers’ representative;
c. the filing of a complaint or the participation in proceedings against an employer involving alleged violation of laws or regulations or recourse to competent administrative authorities;
d. race, colour, sex, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin;
e. absence from work during maternity leave.

1. Temporary absence from work because of illness or injury shall not constitute a valid reason for termination.
2. The definition of what constitutes temporary absence from work, the extent to which medical certification shall be required and possible limitations to the application of paragraph 1 of this Article shall be determined in accordance with the methods of implementation referred to in Article 1 of this Convention.

Procedure Prior to or at the Time of Termination

The employment of a worker shall not be terminated for reasons related to the worker’s conduct or performance before he is provided an opportunity to defend himself against the allegations made, unless the employer cannot reasonably be expected to provide this opportunity.

Procedure of Appeal Against Termination

1. A worker who considers that his employment has been unjustifiably terminated shall be entitled to appeal against that termination to an impartial body, such as a court, labour tribunal, arbitration committee or arbitrator.
2. Where termination has been authorised by a competent authority the application of paragraph 1 of this Article may be varied according to national law and practice.
3. A worker may be deemed to have waived his right to appeal against the termination of his employment if he has not exercised that right within a reasonable period of time after termination.
Section: ILO Sponsored Studies, Seminars and Research Papers


2. Tolentino, A. Labour-Management Cooperation For Productivity And Competitiveness.

3. de Silva, S. R. Elements of A Sound Industrial Relations System.

   - The St. Vincent Electricity Company (VINLEC).
   - Shipping Association of Jamaica
   - Harris Paints Limited
   - Billiton Aluminum
   - Port Authority of Barbados


Section: Other Publications

- Barbados Workers’ Union 60th anniversary supplement, October 14th 2001.
- Greaves, E. A Survey Of Trade Unionism In Barbados: Its Growth And Development.
- Greaves, E. Trade Unionism In The British Caribbean: A Brief History.
Section: CARICOM Declaration Of Labour And Industrial Relations Principles

FOREWORD

The Caribbean Community (CARICOM) Secretariat is pleased to present to the Social Partners, this Declaration of Labour and Industrial Relations Principles which was unanimously approved by the Thirteenth Meeting of the Standing Committee of Ministers responsible for Labour (SCML), 26-28 April 1995 in The Bahamas.

The Declaration sets out the general Labour Policy to which the Region aspires, consistent with international standards and other international instruments. It is an important policy guide on labour matters for the Social Partners and will contribute to the development of a healthy industrial relations climate, and enhanced social partnership. It underscores the rights and responsibilities of the Social Partners, and provides the bases for the development of national labour policies, and inform the enactment of labour legislation.

The SCML, in approving this policy guide on labour matters, has given tangible expression of its commitment to equity and social justice through the adoption of common labour standards and principles. This is an important pillar in the creation of the CACRICOM Single Market, inherent in which is a CACRICOM Labour Market.

I wish to place on record my sincere appreciation to the members of the Regional Tripartite Working Party of Labour Officials from Member States, the Caribbean Congress of Labour (CCL), the Caribbean Employers’ Confederation (CEC), the Organisation of Eastern Caribbean States (OECS) Secretariat, and the International Labour Organisation (ILO), for their invaluable contribution in the development of this Declaration to guide our labour relations practices in the Region. I also wish to commend the vision of the SCML in commissioning the drafting of the Declaration and for their approval of the final text of the Declaration.

Edwin W. Carrington
Secretary-General
Caribbean Community
Georgetown, Guyana
1998

MANDATE AND BACKGROUND

The Twelfth Meeting of the Standing Committee of Ministers of Labour (SCML) on 28-30 April 1993 in Saint Lucia, welcomed the proposal from the Special Meeting of the Working Party of Labour Officials on 26-27 April 1993 for the development of a Declaration of Labour and Industrial Relations Principles, embodying the general Labour Policy to which the Region aspires. Accordingly, the Standing Committee:

"commissioned the drafting of a CACRICOM Declaration of Labour and Industrial Relations Principles outlining the general Labour and Industrial Relations Policy to which the Region aspires taking into account international labour standards".

The Secretariat engaged the Regional Tripartite Working Party of Labour Officials established by the Twelfth Meeting of the SCML in 1993 and comprising representatives of Member States, the Caribbean Congress of Labour (CCL), the Caribbean Employers' Confederation (CEC) and the Organisation of Eastern Caribbean States (OECS), to develop the content and outline of the Declaration. These were discussed at the First Meeting of the Working Party in December 1993 at the Secretariat in Guyana, and based on these discussions, feedback and research, a working draft of the Declaration was prepared by the Secretariat.

The working draft was presented to members of the Working Party for examination, study and discussion at their Second Meeting in Trinidad and Tobago in November 1994, which commented on the document and made recommendations for changes.

The document was revised into the first draft, and transmitted to Member States, OECS Secretariat, CCL, CEC, the International Labour Organisation (ILO) and participants of the Second Working Party Meeting, and some individual labour experts for further study and comment. Member States also conducted tripartite consultations on the draft Declaration. The feedback, comments and recommendations enabled the revision and refinement of the first draft which received general support from the Social Partners.

The Third Meeting of the Regional Tripartite Working Party of Labour Officials on 24 April 1995 reviewed the revised draft Declaration and upon its recommendation, the Thirteenth SCML Meeting on 26-28 April 1995 in
Nassau, The Bahamas, approved the Declaration.

**CARICOM DECLARATION OF LABOUR AND INDUSTRIAL RELATIONS PRINCIPLES**

The States, Parties to the Treaty Establishing the Caribbean Community (hereinafter called "the Member States")

Recalling the Treaty establishing the Caribbean Community, the CARICOM Charter of Civil Society, the Declaration of Philadelphia, the United Nations Declaration on Human Rights and International Labour Conventions and recommendations which collectively established generally accepted principles of labour and industrial relations;

Reaffirming their common determination to fulfil the hopes and aspirations of their peoples for freely chosen productive employment, and improved standards of work and living through, inter alia, optimum utilisation of available human resources; accelerated, coordinated and sustained economic development; and the efficient operation of common services and functional cooperation in the social, cultural, educational and technological fields;

Convinced that regional integration in the Caribbean should include among its goals promotion of full employment; cross-border mobility of labour; improved living and working conditions through enhanced production and productivity; adequate social security policies and programmes deepening dialogue between employers and trade unions; collective bargaining; tripartite consultations among their Governments, workers' and employers' organisations; development of human resources; and expanding opportunities for employment;

Believing that all human beings, irrespective of race, creed, sex, national extraction, colour, marital status, or social origin, political persuasion have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equality opportunity;

Aware that the struggle against poverty needs to be carried on with unrelenting vigour within Member States and by continuous and collective international efforts in which the representatives of workers and employers, enjoying a recognised status with those of Government, join with them in free discussion and democratic decision with a view to the promotion of the common welfare;

Affirming that the applicable norms of industrial relations require the establishment and maintenance of an environment in which the Social Partners may freely carry out their activities and that the establishment and implementation of effective labour and industrial relations policies are fundamental to economic development and social stability;

Acknowledging that labour departments and other public authorities which are responsible for administering public labour policies in Member States should be adequately staffed with well-trained personnel, and that the foregoing are indispensable pre-conditions for the effective implementation and enforcement of measures to promote good industrial relations practices;

Reaffirming further the need for Member States to ensure that effective recognition is given, in practice, to the exercise by workers and employers of the right of freedom of association and to collective bargaining, to the promotion of cooperation between management and labour in a continuous joint endeavour to improve the productive efficiency of all enterprises and to collaboration by workers' and employers' organisations with governments at the national level, in the development and implementation of social and economic policies, programmes and measures;

Recognising that enhancing the competitiveness of production for domestic, regional and international markets is essential for social and economic development of the Region and requires the closest collaboration of workers and employers and their respective organisations who must pool their efforts and strive for continuing increases in productivity and output in all enterprises;
Have Declared as follows:

CHAPTER 1
SCOPE OF DECLARATION

ARTICLE 1
Applicability of Principles
The principles herein set forth are subject to such constitutional provisions and applicable laws as may be established in the national interest by Member States and recognised by competent tribunals.

ARTICLE 2
Restrictions on Rights
Entitlement to the rights recognised as belonging to workers and employers is subject to the respect for the rights of others and to the discharge of obligations correlative to such rights.

CHAPTER II
FREEDOM OF ASSOCIATION

ARTICLE 3
Rights to Organise and to Membership
Workers and employers, without any distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing.

ARTICLE 4
Right to Regulate Internal Arrangements
Workers' and employers' organisations shall have the right to draw up their constitution and rules and to regulate their internal arrangements without interference from public authorities having the effect of restricting this right or impeding its lawful exercise.

ARTICLE 5
Non-Subversion of Workers' Organisations
Employers shall refrain from establishing workers' organisations under the control of employers or employers' organisations or supporting workers' organisations by financial or other means with the object of placing such organisations under the control of employers or employers' organisations.

CHAPTER III
COLLECTIVE BARGAINING

ARTICLE 6
Right to Collective Bargaining
1. Workers and employers shall have the right to free collective bargaining as a vehicle for determining terms and conditions of employment without interference from public authorities.
2. The Social Partners shall promote the full development and utilisation of machinery for voluntary negotiation between the parties, with the view to the regulation of terms and conditions of employment by means of collective agreement.

ARTICLE 7
Recognition Machinery and Good Faith Bargaining
1. The Member states shall establish adequate statutory machinery and procedures to facilitate and promote the recognition of workers' organisations by employers and employers' organisations as appropriate based on the free choice of the majority of their employees for the purpose of collective bargaining.
2. The parties to the collective bargaining process shall maintain a reasonable and constructive approach and thereby demonstrate their mutual obligation to bargain in good faith.
3. Competent authorities and employers shall, as far as practicable and within the limits imposed by law or by collective agreement, provide information necessary to enable workers' representatives to pursue meaningful negotiations which shall have due regard for existing sectoral, national, economic and financial circumstances.
ARTICLE 8
Promotion of Stable Relations
1. Workers' organisations, employers and employers' organisations shall employ their best endeavours to conclude appropriate collective agreements on the basis of equity, fairness and justice and with a view to promoting stability in industrial relations.
2. The Social Partners shall promote the full development and utilisation of machinery for voluntary negotiation between employers or employers' organisations and workers; organisations with a view to the regulation of terms and conditions of employment by means of collective bargaining.

ARTICLE 9
Protection for Trade Union Representatives
Trade Union representatives in an undertaking shall enjoy effective protection against any act prejudicial to them, including dismissal, based on their status or activities as trade union representative or participation in union activities, in so far as they act in conformity with existing laws or collective agreements or other arrangements arrived at by the collective bargaining process.

ARTICLE 10
Elected Representatives and Workers' Representatives
Where there exist in the same undertaking both trade union representatives and elected worker representatives, appropriate measures shall be taken, wherever necessary, to ensure that the existence of elected worker representatives is not used to undermine the position of the trade unions concerned or their representatives, and to encourage cooperation on all relevant matters between the elected worker representatives and the trade unions concerned and their representatives.

CHAPTER IV
NON-DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

ARTICLE 11
Equality of Opportunity and Treatment
Subject to Article 12 (2), 13 and 14 of this Chapter, the Member States undertake to adopt and pursue national policies designed to promote, by methods appropriate to national conditions and practice, equality of opportunity and treatment in respect of employment and occupation with a view to eliminating any discrimination on the basis of race, colour, sex, religion, political opinion, national extraction or social origin.

ARTICLE 12
Equal Remuneration for Work of Equal Value
1. The Member States shall, by means appropriate to the methods in operation for determining rates of remuneration, promote and ensure the application to all workers of the principle of equal remuneration for men and women workers for work of equal value.
2. Differential rates between workers which correspond, without regard to sex, to differences as determined by objective appraisal in the work to be performed, shall not be considered as being contrary to the principle of equal remuneration for men and women workers for work of equal value.

ARTICLE 13
Special Measures of Protection
Special measures of protection or assistance provided for disadvantaged groups in relevant instruments adopted by competent intergovernmental organisation shall not be deemed to be discriminatory.

ARTICLE 14
Acts Prejudicial to National Security
Any measures affecting an individual who is justifiably suspected of, or engaged in, activities prejudicial to the security of the state shall not be deemed to be discriminatory, provided the individual concerned shall have the right to appeal to a competent body established in accordance with national law and practice.
CHAPTER V
EMPLOYMENT POLICY

ARTICLE 15
Right to work
1. The Member States shall protect the right of everyone to work, to free choice of employment, to just and favourable conditions of work and to be gainfully employed.
2. The Member States shall pursue policies designed to promote full productive and freely chosen employment.
3. The Member States shall develop policies and programmes of vocational guidance and training, closely linked with employment.
4. Citizens of Member States shall have the right to live and work in the country of their choice within the Community subject to the legislation of the host country.

ARTICLE 16
Prohibition of Forced Labour
1. The Member States shall not impose nor permit to be imposed, forced or compulsory labour for the benefit of private individuals, companies or associations. No concession granted to private individuals, companies or associations shall involve any form of forced or compulsory labour for the production or the collection of products which such private individuals, companies or associations utilise or in which they trade.
2. The Member States undertake to prohibit the employment of children of less than fifteen (15) years.

ARTICLE 17
Right to Rest and Leisure
The Member States shall promote and protect, by appropriate means, the right of all workers in every location of its territory to rest and leisure, including limitation of working hours and periodic holidays with pay.

ARTICLE 18
Payment of Wages
Except as otherwise provided by law or authorised by the competent authorities, wages payable in money shall be paid in legal tender only and shall be paid directly to the worker unless the worker shall have agreed to the contrary.

ARTICLE 19
Deductions from Wages
Deductions from wages shall be permitted only under conditions and to the extent prescribed by national laws or regulations or fixed by collective agreement or arbitration award or where the worker concerned has agreed to such deductions.

ARTICLE 20
Limitation on Attachment or Assignment of Wages
Wages may be attached or assigned only in the manner and within limits prescribed by national law and shall be protected against attachment or assignment to the extent deemed necessary for the maintenance of the worker and his or her family.

ARTICLE 21
Wages as Privileged Debts
In the event of bankruptcy or judicial liquidation of an undertaking or insolvency, wages and other remuneration due to all workers for work done prior to such bankruptcy or insolvency or liquidation shall constitute a privileged debt to be paid in full before ordinary creditors establish a claim to a share of the assets.

ARTICLE 22
Termination of Employment
The employment of a worker shall not be terminated unless there is a valid reason for such a termination connected with the capacity or conduct of the worker or based on the operational requirements of the undertaking, establishment or service subject to due process.
ARTICLE 23
Natural Justice
Where the employment of a worker is to be terminated for reasons related to the worker's conduct or performance, such worker must be given an opportunity to rebut the allegations made unless the employer concerned cannot reasonably be expected to provide the opportunity. A worker aggrieved in this behalf shall be entitled to appeal against such termination to an impartial body.

ARTICLE 24
Termination and Redundancy
When an employer contemplates terminations for reasons of an economic, technological, structural or similar nature, the employer shall:

a. provide the trade union representatives concerned or the workers where there are no such representatives, in reasonable time with the relevant information including the reasons for terminations contemplated, the number and categories of workers likely to be affected, and the period over which the terminations are intended to be carried out;
b. give, in accordance with national law and practice, the trade union representatives concerned or the workers where there are no such representatives, as early as possible, an opportunity for consultation on measures to be taken to avert or minimise the terminations and measures to mitigate the adverse effects of any terminations on the workers concerned such as finding alternative employment, and inform the competent authority accordingly.

ARTICLE 25
Minimisation of Staff Reductions
1. Positive steps shall be taken by all parties concerned to avert or minimise as far as possible reduction of the work force, without prejudice to the efficient operation of the undertaking, establishment or service. If the proposed reduction of the work force is on such a scale as to have a significant bearing on the manpower situation of a given area or branch of economic activity, the employer shall notify the competent authorities in advance of any such reduction.
2. Workers whose employment has been terminated owing to a reduction of the work force shall be given priority of re-engagement, to the extent possible, by the employer when he or she again engages workers.

ARTICLE 26
Joint Responsibility of Social Partners
Workers’ organisations and employers shall establish on a mutually agreed basis, appropriate procedures for recruitment and termination of employment which would protect the interests of workers and employers.

ARTICLE 27
Incentive Schemes
Trade Unions and employers shall encourage, subject to mutual agreement in specific cases, the introduction of incentives schemes whenever applicable on the understanding that the benefits of higher productivity will be shared between workers and employers.

ARTICLE 28
Promoting Worker's Career Prospects
The Social Partners shall promote training and development schemes to enhance the career prospects of workers, their skills and productivity in order to contribute to national, social and economic development.

ARTICLE 29
Occupational Health and Safety
1. The Member States shall formulate a national policy on occupational health and safety, and shall enact and enforce the legislation necessary to protect occupational health and safety and the working environment.
2. Employers shall provide a safe and healthy working environment and workers shall perform their work in accordance with occupational health and safety rules and regulations.

ARTICLE 30
Social Security
1. The Member States shall ensure that Social Security Schemes remain viable and that contributions and benefit payments are based on regular actuarial valuations and sound business investments of funds for the long-term sustainability of such Schemes.
2. The Member States shall protect the right to Social Security of nationals of the Caribbean Community who move to other Member States by reason of employment and shall enter into reciprocal agreements with other Member States in order to provide agreed benefits based on contributions and applicable legislation.

CHAPTER VI
LABOUR ADMINISTRATION

ARTICLE 31
Organisation of Labour Administration
The Member States shall ensure, in a manner appropriate to national conditions, the organisation and effective operation in their respective territories of a system of labour administration, the functions and responsibilities of which are properly coordinated.

ARTICLE 32
Responsibility for Labour Policy
The competent authorities within the system of labour administration shall, as appropriate, be responsible for or contribute to the preparation, administration, coordination, and review of national labour policy. Within the ambit of public administration, they shall be responsible for the preparation and implementation of laws and regulations giving effect to the national labour policy.

ARTICLE 33
Cooperation by Social Partners
The Member States shall make arrangements, suitable to national conditions, to secure within the system of labour administration, consultation, cooperation and negotiation between public authorities and the most representative employers' and workers' organisations at the local, national or regional levels as appropriate.

CHAPTER 34
National Labour Policy
To the extent compatible with national laws, regulations and practice, competent authorities within the system of labour administration shall contribute to the development of labour policy, and may participate in representing the Member State concerned in respect of such affairs and contribute to the preparation of relevant measures to be adopted at national level.

CHAPTER 35
Qualifications of Labour Officials
1. Staff of the labour administration system shall consist of suitably qualified persons enjoying comparable remuneration within their respective countries, access to appropriate training, and independence from improper external influences in the effective performance of their duties.
2. The Member States shall ensure that such staff function with impartiality, professional independence, and integrity.

CHAPTER VII
DISPUTES SETTLEMENT

ARTICLE 36
Industrial Action as Last Resort
In the event of a grievance, difference or dispute between them, the Social Partners shall respect the agreed applicable procedures and shall employ industrial action as an instrument of last resort only after all measures and procedures including negotiation, conciliation and mediation have been completely exhausted and the dispute has not been resolved.

ARTICLE 37
Provision of Disputes Settlement Facilities by States
The Member States shall establish, maintain and make available to the Social Partners at all reasonable times appropriate facilities for the speedy resolution of industrial disputes, including negotiation, conciliation, mediation and arbitration.
ARTICLE 38
Restrictions on Industrial Action
The Social Partners shall avoid resorting to industrial action over issues arising from the interpretation and application of the terms in a collective agreement. They shall endeavour to settle any difference in this regard through negotiations in good faith, conciliation, mediation or arbitration.

ARTICLE 39
Respect for Agreements
The Parties shall honour the spirit and substance of all agreements freely entered into and shall be bound by any award resulting from arbitration proceedings.

ARTICLE 40
Conduct of Industrial Action
1. In any case where workers resort to industrial action, such action shall be conducted in a peaceful manner and shall in all other respects comply with the provisions of collective agreements, arbitration awards and applicable law.
2. The parties involved in any disputes shall avoid resort to unfair labour practices including intimidatory actions.

ARTICLE 41
Work Resumption in Unpremeditated Industrial Action
In the event of a spontaneous or unpremeditated strike or lockout, the parties shall employ their best endeavours to bring about an immediate resumption of work and to settle speedily the issue in accordance with agreed or applicable procedures.

ARTICLE 42
Essential Services
1. Disputes in essential services shall, as far as possible, be settled by direct negotiations by the parties involved. Where negotiations fail to resolve the dispute, the parties concerned shall employ such procedures as conciliation, mediation or arbitration in a manner which allows the parties to take part at every stage and which provides guarantees of speediness, independence and impartiality.
2. Nothing in this Article shall be construed as recognising the right to industrial action by workers employed in the essential services as may be defined in the legislation of Member States.

CHAPTER VIII
CONSULTATION AND TRIPARTISM

ARTICLE 43
Essential Elements of Industrial Relations
The Member States undertake to promote collective bargaining, consultation and tripartism as essential elements of the system of industrial relations in the CACRI.COM Region.

ARTICLE 44
Consultations on Application of Principles
The Member States shall employ their best endeavours to consult with the Social Partners in establishing the relevant principles and policies to be applied in conditions and situations of financial stringencies.

ARTICLE 45
Limits of Consultation
Nothing in this Chapter shall be construed as permitting Member States to utilise the practice of consultation or tripartism as a substitute for collective bargaining as defined in this Declaration.
Module 1 - Historical Context

Objective

- To locate globalization as a continuing process.

1.1 Defining Globalization

Globalization is essentially the process of integrating national and local markets into a single global market. Here the definition of market encompasses not only that for goods and services, but also the capital and technology markets, and to a far more limited degree, the labour market. Local markets have been increasingly integrated into the worldwide market with the rapid development of transportation, communication and information technologies.

The term ‘globalization’ is now occupying center stage in contemporary economic, social and political discourse. It is being projected as a phenomenon which has grave portents for the continued existence of the trade union movement and it is therefore necessary that the members of trade unions, including the rank and file, have a clear appreciation of its meaning and implications.

The term has only recently been popularized, and there is a sense that the phenomenon has suddenly become an issue in academic, intellectual and popular discourse. It may well be true to say that prior to the 1990s, Caribbean trade unionists would not have focused significantly on globalization as a phenomenon in their teachings or even in their strategizing and planning on behalf of their membership. Yet, to the extent that emphasis was placed on explaining the economic history of the region, and of the world, in locating the birth and struggles of the trade union movement for existence, emphasis would have been placed on describing the economic foundations of globalization.

No discussions on the growth and development of the trade union movement in the Caribbean should be disconnected from the economic forces which shaped the history of the region from the period of settlement in the 15th and 16th centuries. The reality is that the voyages of discovery which placed the Caribbean at the centre of world focus can be seen as the beginning of a new phase of globalization directly connected to the current phase.
1.2 The rise of nations and capitalism

These voyages of discovery signaled the end of the middle ages and the rise of the nation state and the advent of capitalism. The development of central governments in the form of absolute monarchies, culminated in the powerful autonomous nation state. The Treaty of Westphalia of 1648, signed between the leading nation states, became the cornerstone of the modern system of international relations, with the realization that nations could trade with each other and make peace or war in an international system of states in which each had its domestic sovereignty.

National governments became competitors seeking to expand their power through economic and military processes. Mercantilism became the process through which a form of protectionism evolved with each nation state trying to extract wealth from its colonies, while exporting to other countries to maximize its advantage in trade. By the late 15th century, the free traders, led by Adam Smith, attacked mercantilist doctrine and supported the wealth-creating effects of free trade and specialization.

At the end of the 19th century, global commodity markets were integrated, even though the mercantilist system of imperial preferences within colonial empires divided the world into competing trade blocs. The development of the gold standard and the flow of European capital outwards to developing areas in the late 19th century, witnessed another phase of globalization.

The First and Second World Wars were in some measure the result of competition between nation states for an increased share of global trade and global wealth. Between the two wars, a retreat from free trade into state intervention characterized all the leading economies and nation states during the period known as the Great Depression. In Russia, socialist practice centered on the state rather than on free enterprise; in Germany, Italy, Spain and Japan, state control based on mercantilist principles dominated, and even in the so-called great democracies of the United States, France and Britain, state control and interventionism in the economy became orthodox practice.

The end of the Second World War saw a dual system emerging, with the West generally espousing a minimum of state control in the economy. The Organization for Economic Co-operation and Development (OECD) became the symbol of Western economic thought and a showcase of liberal economic philosophy and practice. On the other hand, the Soviet Bloc believed in the maximization of state intervention with full collective ownership of the means of production.

In both the Western and Eastern blocs, however, nation state government was paramount. The end of the Cold War, the collapse of the Berlin wall and the fragmentation of the USSR resulted in the ultimate triumph of the OECD bloc and paved the way for a globalized world, with liberalism as its central philosophy. This has resulted in the expansion of the private sector and the downsizing of the state, in relation to economic activity.

1.3 The Caribbean

In the on-going struggle for hegemonic control between the powerful nation states, the Caribbean was a theatre of war throughout the mercantilist and free trade era. In the evolving division of labour in these periods of rapid expansions of trade, the Caribbean produced economic staples - ‘the fruits of the empire’, which became the basis of the wealth of some of the leading European nations. In time, they became the markets for the manufactures produced by the industrializing countries of the North.

The strategies of economic, cultural and political imperialism ‘integrated’ Caribbean colonies horizontally into trading and economic systems operating to the advantage of the metropolis. The internationalization of capital was a feature of the relationships between the rich centre and the poor colonies during the colonial experience. The bankruptcy of the relationship was manifested in the slave wars and other wars of revolt in the 19th century, the uprisings of the 1930s, and the demands for decolonization in the British Caribbean through the 1940s to the 1960s during which period the Caribbean countries were granted the right to become nation states. While the British Caribbean exited the system of imperialism without significant struggles, this was not so for the French and Spanish territories, where military struggle was significant in resisting hegemonic power. In the Dutch territories, continued control by the metropolis continued for a longer period.

The late 18th and early 19th century witnessed the expansionist power of the United States of America into the Caribbean region and the Monroe Doctrine became a symbol of the growing role of this emerging economic giant in the region.
1.4 The development of Multilateralism

The period between the end of the First World War and the end of the Second World War saw the development of multilateralism as a growing feature, shaping the autonomy of the nation state. Indeed, at the time when new nation states in the former colonial areas of Africa, India, the Caribbean and other areas were being formed, multilateralism was being structured in a way that would limit the autonomy of nation states in a dramatic way.

The formation of the United Nations and its sub-systems was the beginning of a particular structure for globalizing the world.

The formation of the International Labour Organization (ILO) in 1919 can be perceived as a dramatic attempt towards globalized world standards relating to employment. The major ILO Conventions however, such as those relating to Freedom of Assembly, and the Right to Organize and Bargain Collectively, came into being after the Second World War when the globalization forces were quite extensive.

The other organs of the United Nations relating to health (WHO); education, science and culture (UNESCO), and the entire articulated system must be seen as structured globalization.

The same is true of the development of institutions concerned with establishing international standards including:

1. The International Standards Organization with its ISO 9000 and other standards;
2. Accounting and legal standards which are being codified internationally, usually around Anglo-American practices;
3. The existence of credit rating agencies such as Moody’s and Standard and Poor;
4. The role of the International Civil Aviation Organization (ICAO) in setting International Air Transport Safety Standards;
5. The OECD’s role in monitoring off-shore financial institutions and establishing benchmarks and standards for their performance;
6. New institutions which set standards for Human Rights practices, levels of governance, including rating the corruption level of nations, among other considerations.

Perhaps most important in the development of multilateralism, however, has been the role of the Bretton Woods Institutions such as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IRDB), popularly known as the World Bank, and the International Trade Organization, originally conceptualized but which became the General Agreement on Trade and Tariffs (GATT) and was later transformed into the World Trade Organization (WTO).

1.5 Multinational and Transnational Corporations

Powerful investment, manufacturing and trading companies, many of them starting as family businesses, came into being in the late 19th and early 20th centuries and were based in the triad countries of Europe, America and Japan. They expanded on the impetus first gained in the industrial revolution of the late 18th and early 19th centuries. Later in the 19th century, large-scale companies dominated the economic landscape.

Germany provides a good example of the development of large, powerful companies like the electrical giant AEG which started in 1883, and by 1900 had 42 offices in Germany, 37 elsewhere in Europe and 38 overseas. In the United States of America, there was a wave of mergers between 1887 and 1904, and by the end of the First World War, economic giants such as General Electric, U.S. Steel, Westinghouse, Sears, Roebuck and Eastman Kodak and Standard Oil, were wielding tremendous power. In Japan, the same period saw the beginnings of powerful vertically integrated companies called keiretsus and zaibatsus which were closely allied with the banking industry.

The work of Frederick Winslow Taylor, who published his ground-breaking book on the Principles of Scientific Management in 1918, and the industrial experience of magnate Henry Ford, contributed greatly to the use of automation and established the basis for a new division of labour which greatly enhanced industrial production and the profitability of the large firm.

The groundwork was established for the existence of the Multinational Corporation and later, the Transnational Corporation. The first was distinguished by operating in several countries while its ownership could be traced to a single source of capital. The latter, having capital injection from several sources, extended its power over a wide geographical area.
By the 1950s and 1960s, the Transnational Corporation was clearly a powerful force and was the subject of great controversy relating to its social and economic effects. Some saw them as vehicles for the transfer of productive technology and know-how across borders. Others saw them as monopolistic entities that grew through their competitive advantage in technology and know-how at the expense of host country competitors, bringing economic dislocation and dependency in their wake. They were also seen as a threat to political and cultural freedoms based on their power and influence when they operated in poor developing countries.

By the 1970s, attempts were made to develop codes of conduct to control the activities of these powerful agents of globalization. In 1977, the ILO adopted a Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

Among the major planks in the several codes developed were:

- respect of national sovereignty and observance of domestic laws, regulations and administrative practices;
- adherence to socio-cultural objectives and values;
- respect for human rights and fundamental freedoms;
- non-interference in internal political affairs;
- non-interference in intergovernmental relations; and
- abstention from corrupt practices.

1.6 Impact on developing countries

Since the 1970s and 1980s, the stigma once attached to the transnational has abated and they now practise with little criticism as a major agent in the transfer of direct investment across the globe.

The number of transnational corporations increased from 7,000 in 1970 to more than 53,000 in 1998, with some 449,000 foreign subsidiaries. More are being added to the number annually, and through mergers, the wealth and power of the largest is being expanded greatly.

The developing countries consistently complained of some of the following problems associated with transnational investments:

1. They purchased primary products at low prices, and transformed them into manufactured items which were sold at high prices.
2. They attracted high rates of interest and repatriated huge profits.
3. Multilateral aid associated with investment created debt traps;
4. Costs of shipping, freight and insurance, the components of ‘invisible trade’ created huge benefits for the developed world.

By 1974, the so-called Third World was in such difficulties that it made a call for a New International Economic Order. Between that period and 1983, some attempts were made to recommend changes in the relationship between the North and the South, especially after the dramatic economic shocks of the oil crisis of the mid-1970s and the early 1980s.

The accession of governmental regimes in North America and England in the 1980s saw an end to constructive dialogue between the North and the South. The period saw tremendous challenges facing Caribbean economies, leading to stabilization and structural adjustment policies which led to the 1980s being considered a lost decade for the region.

The fall of the Berlin Wall, and the dramatic collapse of the Soviet Union removed the dualism and bifurcation which existed in the world and prevented the spread of globalization.

1.7 Trade Unions

Trade unions developed at the national level in response to economic changes and the growth of capitalism. There was a close correlation between industrial development in America in the late 19th and early 20th centuries, and the growth of the trade union movement.

In the Caribbean, the trade union movement also grew with the stimulus of a diversified economy, resulting from the attraction of foreign direct investment through the 1950s and into the 1970s.
At the international level, the formation of the International Confederation of Free Trade Unions (ICFTU) in 1949, around the same period as the establishment of the United Nations and the Bretton Woods system, is a clear indication of the labour movement’s recognition of the need to consolidate in the face of the globalization of the multilateral system. The formation of the ICFTU was an early indication of Labour’s answer to the globalization of the world economy. This trade union international centre continues to play a major role in shaping the forces of globalization.

While it is true that the term ‘globalization’ has been used consistently since the 1980s, it would be wrong to treat the phenomenon as though it appeared full-blown on the scene. Rather, trade unions must see globalization as another stage of economic development. It brings new challenges, some different from those faced before by the labour movement, but many similar to those faced by the movement over the preceding century. Trade unions need to analyse this most recent trend and prepare responses on behalf of the working class worldwide.

Exercise

1. What forces have accelerated the pace of globalization in the post World War period?
2. What strategies should trade unions adopt in dealing with transnational companies?
3. Research the leaders who made the call for a New International Economic Order, and write clear statements on their recommendations.

Module 2 - From GATT to WTO

Objective

- To examine the role of trade in the new global order.

2.1 Bretton Wood Institutions

As mentioned earlier, talks at Bretton Woods led to an agreement in 1945 to create three organizations which would provide a broad framework for the regulation of the post-war economy. The International Monetary Fund (IMF) and the World Bank were created. The Havana Charter of 1948 intended the creation of an International Trade Organization, and the General Agreement on Trade and Tariffs was based on the trade provisions of this Charter.

The three institutions provided the framework for international transactions, with the aim of removing protectionism which was partly responsible for two World Wars, and promoting full employment and economic growth.

At the centre of a multilateral trading system are:

1. A group of economic actors and agents Investors and financiers, importers, exporters, producers, consumers and workers.
2. Facilitators Service providers such as bankers, insurance agents, transport and telecommunication services.
3. Rules of engagement Laws and treaties

The three framework institutions each had separate roles to play in the multilateral system.

Role of the IMF

1. Assisting countries in adjusting their balance of payments.
2. Encouraging policies that would contribute to equilibrium in the international monetary system.
3. Providing short-term assistance to support balance of payment adjustment measures.
4. Assisting in macro economic policy coordination and exchange rate control.
5. Assisting with external debt control.

Role of the World Bank

1. Providing policy-based lending for development.
2. Liberalization of markets and emphasizing the importance of the private sector as the engine of economic growth.
Role of the GATT
The GATT rules intended:
1. reducing and limiting barriers to trade;
2. providing a mechanism for settling trade disputes on the basis of reciprocity.

The GATT conducted eight rounds of multilateral trade negotiations over forty-eight years. The Uruguay Round, conducted between 1986 and 1993 was the most far-reaching, addressing a wide range of issues including trade in goods, intellectual property rights, services, as well as textiles and agriculture.

It was perceived that the GATT had a number of shortcomings:
1. It was little more than a code of conduct for overseeing trade negotiations.
2. Many of its provisions were not enforceable.
3. It did not take into consideration the proliferation of non-tariff barriers.
4. It did not factor in the growth of high technology products and services.

The movement towards the formalization of the World Trade Organization (WTO) in 1995, represents a progression to the acceptance of the theory that, in the long run, free trade, accompanied by greater competition and productivity, will lead to a more optimal global economic result for trading nations.

2.2 The World Trade Organization
The World Trade Organization was established with three broad objectives:
1. The promotion of the free flow of trade.
2. To act as a permanent forum for trade negotiations.
3. To enforce a dispute settlement procedure.

It differs from the GATT in the following ways:
1. It is a permanent negotiating forum
2. The provisions are legally-binding and enforceable
3. Those who join must accept the majority of its provisions.

The organs of the WTO
The admission of China into the WTO in 2001, brings its membership to 143 countries. China is expected to join the powerful Quad countries of Europe, the USA, Canada and Japan as the dominant forces. The major organs of the WTO are:
1. The Ministerial Council which meets once every two years, in which all member states can participate.
2. The General Council, comprising representatives from all members, meets once monthly, and reports to the Ministerial Council. It controls the Trade Policy Review Mechanism and the Dispute Settlement Body.
3. The Secretariat is the Executive body of WTO and is headed by a Director-General who is appointed by the Ministerial Council. Operating principles

The WTO covers several agreements, the major ones being:
1. The Multilateral Agreement on Trade in goods, including manufactured goods, agriculture, textiles and clothing.
2. The General Agreement on Trade in Services.

Other areas for agreement are expected to include:
- Financial services
- Maritime transportation
- Telecommunications
- Movement of natural pensions
- Trade and competition policy
- Trade and the environment
- Trade and labour rights
- Trade in civil aircraft
- Government procurement.
The agreements are bolstered by a set of principles including:

1. The non-discrimination or ‘most favoured nation’ clause which prohibits a country from giving special concessions to a particular country or from discriminating against it.
2. Rules to promote free trade and fair competition across all markets.
3. Clearly guaranteed access to foreign markets for producers and exporters.
4. Assistance to developing countries by providing technical assistance and training programmes to assist development and reform.

**Special and differential treatment**

The WTO recognizes that the developing countries, including the Caribbean, need ‘special and differential treatment’ in certain circumstances. These relate to:

1. Longer time periods for implementing agreements and commitments.
2. Assistance in increasing trade opportunities.
3. Provision to safeguard trade interests.
4. Infrastructural support and capacity-building.
5. Technical cooperation.

**Suggested benefits of WTO to developing countries:**

1. Reduction in the cost of living and improved living standards.
2. Stimulation of economic growth.
3. Higher national and global incomes.
4. Promotion of peace, prosperity and good government.

Developing countries, including those of the Caribbean, have witnessed dislocation in their domestic economies through the implementation of WTO policies, and are yet to see the benefits, as they are finding difficulties in gaining market access for their agricultural, textile, garment and footwear products. They are also of the view that the WTO negotiating process does not allow them democratic participation.

The Caribbean has established a Regional Negotiating Machinery to represent the members of CARICOM at WTO negotiations. The Machinery has consulted the regional trade union movement on occasion, but there is no organized process to ensure that the voice of labour is heard at the WTO negotiating table. In recent times, Caribbean governments have invited national trade union centres to attend WTO sessions, but have insisted that the trade unions should pay their way to the meetings. There is good reason in promoting attendance at such meetings but this should be along the lines of attendance at ILO Conferences, with the government being financially responsible for a tripartite delegation to WTO meetings.

**The WTO and the Lome Convention**

The impact of globalization on the Caribbean is probably best highlighted by an analysis of the likely impact of trade relations between the Caribbean countries, (as part of the ACP), and the European Community, (to conform to WTO principles and practices), on the economies of the Caribbean.

The situation facing the banana industry which has important economic implications for Dominica, Saint Lucia, St Vincent and the Grenadines, and to a lesser extent, Grenada, Jamaica, Belize and Suriname, can be used as a case study.

In the pre-WTO period, the banana export trade of the Windward Islands was centred on an exclusive marketing arrangement with the United Kingdom from the 1950s and this was later incorporated in the Banana Regime of the European Union (EU).

The arrangement was characterized by a set of preferential arrangements, which used a combination of:

1. quota tariffs and
2. import licensing systems

to deliberately restrict banana supplies from other competing areas such as Latin America.
Export duty-free quotas were allocated to the various countries:

- Dominica: 71,000 tonnes
- St. Vincent & the Grenadines: 82,000 tonnes
- Grenada: 14,000 tonnes
- Saint Lucia: 127,000 tonnes

These provisions, which were included in the agricultural protocols of the Lome IV Convention, helped Caribbean countries stabilize their export earnings, and contributed to the economic stability of the countries.

In 1993, the EU changed its banana regime, which while still allowing for tariff-free imports and individual national quotas, were not in keeping with WTO principles of non-discrimination and fair competition across all markets.

The Governments of the United States of America, Ecuador, Guatemala, Honduras, Mexico and Panama, brought a complaint against the EU banana regime to WTO on charges of unfair competition. This was largely driven by powerful multinationals such as Chiquita, Del Monte and Dole, which were substantially owned by Americans. Thus the powerful Americans appeared to be using the WTO system against the poor ACP producers. It also appears that the banana producers were pawns in a game, as the Americans were using a strategy to retaliate against the Europeans who were not importing meat treated with growth hormones.

The EU insisted that their ban was not an unfair barrier to US beef exports but was taken to prevent possible exposure to cancer and other health problems that might arise from eating hormone-treated beef. The EU defied a WTO ruling that the EU action was a ban. In 1999, the US Government slapped 100% tariffs on $116.8 million worth of European imports such as fruit juices, mustard, pork, truffles and cheese.

In this transatlantic global trade war, the Caribbean is merely a bystander. So far, the Caribbean has been spared the total liberalization of trade in bananas, yet it is clear that at least two of the elements of the old banana regime will go, as they are incompatible with WTO principles:

i. the old import licensing system and
ii. the individual national quotas.

When the full impact of such changes occur, it is likely that the banana producing countries of the Caribbean will experience a dramatic loss of revenues, rising unemployment and economic instability. Countries like Saint Lucia are already negatively impacted by the changes which have so far occurred and which are aggravated by the serious structural problems which already existed in the Banana industry.

It is to be anticipated that sugar and rum will experience similar difficulties. The extent to which the Caribbean countries will be able to call for ‘special and differential treatment’ is difficult to gauge at this time.

2.3 The importance of trade

The wealth of nations is largely dependent on their ability to export goods to other countries. Countries that have become wealthy are those which not only have a thriving domestic market, but are able to develop surplus for sale abroad. Within recent times, world trade has been expanding significantly. Primary commodity exports have been growing at a rate of about 2% annually, with processed manufactures growing at between 2- 5%; and high-tech manufactures at about 10%. There is also tremendous growth in finance, telecommunications, tourism and professional services.

As Caribbean countries are still largely primary commodity exporters, the performance of world trade in agriculture is important to them.

The value of world agricultural trade almost doubled between 1972 and 1998 - from $224 billion to $438 billion. Volume trade was dominated by products such as wheat, rice, and corn, while value trade was dominated by flowers, coffee, sugar and other non-essentials.
As of 1998, developing countries accounted for 85% of bananas, 90% of cocoa and 88% of coffee. On the other hand, the industrial countries dominate trade in grain and in meat. The EU, USA, Canada and Australia account for over 70% of the meat trade.

Because developing countries have little power to determine the terms of trade, they are virtually price takers in relation to the commodities they export. They have to expand their economies to embrace the areas of world trade which are growing most rapidly and which bring most value added.

The Caribbean countries have recognized that one path to gaining more of a foothold in world trade is through forming a regional economic entity, similar to those which have been formed in other areas of the world.

In a real sense, the national economy can be improved within a regional grouping, and the fortunes of the group can be expanded by participation in the global trading system.

**Exercise**

1. Examine the economic structure of your country in relation to
   a. the group of economic actors and agents located there, and
   b. the facilitators. What will be the impact of globalization on these groups?
2. Compare and contrast the GATT and the WTO.
3. Prepare a research paper on the likely effects of globalization on the banana and rum industries.
### Section: Module 3 - Regional Integration

#### Objective

- To examine the nature of regional economic blocs.

## 3.1 An Overview of regional economic blocs

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Simultaneous with the development of a global economy, there have been many regional trading blocs which have entered the world stage, beginning with the European Community which was established in 1958. Its aim was to create a single market within which there would be free movement of persons, goods, services and capital. Additionally, the single market was to serve as the foundation for other common policies including economic and monetary union, social policy, research and development, environment, co-operation in foreign policy and, eventually, political union. The European Commission provides a model of a successful regional economic bloc. Its relationship with the African, Caribbean and Pacific countries renders tremendous assistance to the latter, and even when special agreements, relative to the accession of Caribbean countries to EU markets seem threatened, there are opportunities through negotiation, to mitigate the greatest fears.

### ASEAN

The formation of the countries of the Pacific rim into a trading bloc which comprises the nations which have been called the Asian tigers, among others, was a growing response to the need for this area to provide a regional market for growth and to expand opportunities.

### MERCOSUR

Mercosur, the Common Market of the Southern Cone, along with the Central American Common Market, operate within the framework of the Latin American Integration Association. Mercosur was the first trade bloc among developing countries, and brought together Argentina, Brazil, Paraguay and Uruguay. It made provision for a regional customs union, the construction of a free trade zone among the four countries and the common external tariffs in the bloc’s relationship with other countries. It is intended that it will become a common market in 2006.

### FTAA

Beginning in December 1994, the leaders of the Americas, with the exception of Cuba, instituted discussions that will lead to a hemispheric trade agreement that will be called the Free Trade Area of the Americas (FTAA) by 2005. The main countries at the core of the body are the United States of America, Canada and Mexico, the countries which are currently members of the North American Free Trade Association (NAFTA). At present, a number of negotiating groups are meeting to reach agreement on the diverse areas of the treaty.

The major negotiating groups deal with:

- market access
- agriculture
- investment
- services
- intellectual property rights
- subsidies, anti-dumping and countervailing duties
- competition policy
- government procurement
- dispute resolution.
In addition, there are a number of special committees which focus on

1. smaller economies
2. electronic commerce
3. civil society

3.2 Regional integration of Caribbean States

In 1989, the Caribbean Heads of Government meeting at Grand Anse, Grenada, produced the Grande Anse Declaration, which placed the following policy initiatives at the centre of future regional development:

- removal of all outstanding barriers to intra-regional trade;
- establishment of a multi-lateral clearing facility;
- pooling of shipping and air transport services;
- development of a Caribbean Stock Exchange;
- free movement of all skilled and professional personnel;
- a common currency;
- a Caribbean Court of Appeal; and
- a Caribbean Assembly of Parliamentarians

In 1992, the Conference of Heads of Government agreed to further the Grand Anse Declaration by transforming the Common Market into a Caribbean Single Market and Economy, premised on the free movement of goods, services and factors of production, and including the harmonization of laws and regulations governing economic activities within the community. It also envisaged the harmonization of macroeconomic policies and the establishment of a Monetary Union.

The Community has prepared some nine protocols amending the Treaty of Chaguaramas, on the following themes:

1. The organs and institutions of the Community
2. Establishment, Services, Capital and People
3. Industrial Policy
4. Trade Policy
5. Agricultural Policy
6. Transport Policy
7. Disadvantaged countries, regions and sectors
8. Competition policy, Consumer Protection, Dumping and Subsidies
9. Disputes settlement.

Protocol 2, which treats with the movement of people in the Single Market and Economy has special relevance to the trade union movement.

At the present time, it provides for the free movement of University graduates, media workers, sports persons, musicians and artists, and calls for regimes to deal with hucksters, higglers, workers in the tourism and entertainment industries and skilled persons.

Freedom of travel was to be improved through the elimination of the need for passports for travel within the region, facilitation at immigration points and the elimination of the need for work permits for CARICOM nationals.

Other supporting measures are to include:

- harmonization and transferability of social security benefits;
- certifying and establishing equivalency of regional qualifications for accreditation;
- a skills register;
- coordination of social policies; and
- public education on the policy of free movement.
CARICOM has prepared a Charter of Civil Society, and a CARICOM Declaration of Labour and Industrial Relations Principles, which support inter alia:

- Cross border mobility of labour
- Adequate social security policies
- Tripartism
- Collective bargaining
- Employment creation
- Human resource development

**Structure**

The principal organs of CARICOM are the Conference of Heads of Government of Member states, commonly called The Conference and the Community Council of Ministers, commonly called The Council. The Conference and The Council are assisted by Ministerial Councils covering the following areas: finance and planning, trade and economic development, foreign and community relations and human and social development.

There are other important subsidiary bodies, including the legal affairs committee, the budget committee, and the committee of CARICOM Central Bank Governors.

There are important reasons why Caribbean countries need to develop a single market and economy. Very little intra-regional trade exists in CARICOM, mainly in rice and oil and to a smaller extent in agricultural produce. The reality is that each Caribbean country's output is consumed domestically, with a relatively small export to external countries. There is need for a quantum leap in intra-regional trade, as well as an increase in exports to the hemisphere and to the rest of the world.

The small CARICOM population of 6 million, has been expanded by the formation of CARIFORUM, which brings in the Dominican Republic and Haiti giving a total of some 12 million as a potential market. Trade relations are being developed with Cuba also. The expansion of the Association of Caribbean States with 34 nations, also widens the regional trading area.

### 3.3 Impact of regionalization

Research is suggesting that trade flows have expanded more rapidly after the EU, NAFTA, MERCOSUR, and ASEAN were established. In South-East Asia, they grew from one-fifth to one-third of all trade flows between 1983 and 1993; and in South America they grew from one-tenth to one-quarter. By the mid-1990s, intra-trade represented between 60 and 70 percent of trade flows in most EU countries.

There is evidence that at this current phase, globalization, in terms of economic integration, and reflected in trade between the various regional blocs, is still at an early stage, and that its existence is being exaggerated. It is known that in 1993, the triad of the EU, the USA and Japan accounted for 70% of world trade flows. It is also known that 80% of triad output is still consumed domestically, and that only about 10% is actually exported.

What is very clear, however, is that trade is expanding greatly between the principal countries of the triad and the regional groupings with which they are mainly associated. Thus, EU countries trade mostly with themselves, then with the countries of Eastern Europe, and then with former colonies in North Africa. Japan trades mostly with other East Asian countries such as Thailand, Singapore and Malaysia. The United States of America trades mainly with the other NAFTA countries, and then with Latin America and with Asia.

With the entry of China into the WTO, all countries of the triad, and all of the regional blocs will be trying to penetrate the large Chinese markets. Regionalization has certainly benefited these countries which have chosen the path to development through regional integration. European countries are on average three times more affluent in the 1990s than they were in the 1960s.

The countries of Asia including Japan, Korea, Taiwan, Singapore, Malaysia and Thailand have certainly benefited from regionalization, free trade and capital infusions.

The example of Thailand can be used to demonstrate the positives and negatives which globalization can bring to a country.
The case of Thailand

Between 1985 and 1990, the Gross Domestic Product of Thailand grew at the rate of 10.3%, making it the fastest growing economy in the world. This was a tremendous achievement for a country which started with an agricultural base, but which became a major exporter of manufactured items with large industrial parks, using advanced technology and producing for the informatics and telecommunications markets. Japan provided 30% of the investment needed to develop the country, but other investors were drawn from Hong Kong, the USA, the United Kingdom, and some countries of the European Community.

The vast expansion of Thailand was accounted for by increased inputs of capital, labour and technology but was not driven by efficiency with the result that diminishing returns set in. Between 1990 and 1996 growth slowed to 8%, and by 1997, the growth rate fell to -0.4%. The result was a wave of unemployment, bankruptcies and conflict in the society.

The crash of the Thai economy was similar to that which affected the other countries of ASEAN. It has been blamed on financial and capital liberalization and deregulation, as well as structural problems in the economy.

Korea can also be examined as a country which was industrially backward in the 1950s and which benefited from regionalization and globalization, so that by the 1990s, it was the 5th largest car producing country in the world; had developed a most efficient steel industry and was the home of a thriving microchip industry. Per capita income increased from US$200 to nearly US$10,000 over 35 years.

3.4 Regionalization and Globalization

The large number of treaties which underpin the various regional trading blocs will converge with the requirements of the World Trading Organization.

For those countries which have already signed on to the WTO, it is clear that their regional and hemispheric arrangements will have to be compatible with WTO standards. Those countries which have had a head start of operating in regional blocs should have been able to develop comparative advantage, facilitating a better performance in the global marketplace.

The real issue is that regional trading groups can have different orientations. Are they geared to prevent outsiders from penetrating their markets? Or are they designed to improve inter-bloc trade?

It is anticipated that intra-regional trade will make the countries of the world much wealthier, and that this will eventually lead to heightened world trade flows which will benefit all.

Something has to change because after many years of regionalization and globalization the share of the world income of the lowest one-fifth of the world population has gone down from 2.3% to 1.4%, while the share of the top one-fifth has gone up from 70% to 85%. In 1997, the combined wealth of the 350 billionaires of the world was greater than the annual income of 45% of humanity. It is also a chilling realization that over 1.2 billion of the world's 9 billion people live on less than a dollar a day.

EXERCISE

1. How has the Caribbean benefited from the LOME Convention over the years?
2. What factors hinder the realization of a fully functional Caribbean Single Market and Economy?
3. What can trade unions do to assist in the creation of the Caribbean Single Market and Economy?
Section: Module 4 - Features and Impact of Globalization

Objectives

1. To examine the main features and drivers of globalization
2. To assess the impact of globalization on Caribbean countries as well as on the workers in those countries.

4.1 Main features and drivers of globalization

Much of the discussion to this point has centred on the economic aspects of globalization. This module widens the scope of the discussions away from the framework, to look at features and major characteristics of globalization.

Intellectual

Globalization is a creature of the thinkers, entrepreneurs, manufacturers and policymakers of the dominant countries of the world. Much effort has been extended in developing a paradigm shift, in forcing the mass of people into observing the reality of their existence from an alternative viewpoint. Few now see socialism as a path for human development, and most are convinced that the market is the mechanism for man's advancement. Underdevelopment in former colonial territories can no longer be blamed on the colonial masters but must be seen as the fault of the colonials, who no longer require aid and assistance. Greed and the desire for maximizing profits must not be restrained by consideration of threats to the environment.

The proponents of globalization have been very successful in stifling the voices of the South, which up to the 1990s, could be heard proposing alternative pathways to development and criticizing the greed of those whose main aim was the extraction of profit and the exploitation of labour.

The ideological underpinning of globalization is that the exploiter and the exploited, the capitalist and the worker share the same world views, and share the opinion that the market is the best mechanism to advance the interest of all concerned.

Economic

a. The major economic feature of globalization is the dominance of the Transnational Corporation, and the international division of labour in which the world economy can be organized as a global assembly line. An example is given in the following illustration of how a Pontiac Le Mans motor car is produced:

1. South Korea is responsible for the assembly operations.
2. Japan makes the advanced components, engines and electronics.
3. Germany provides the style and design.
4. Taiwan and Singapore make the small components.
5. English firms advertise and market the product.
6. Barbados and Ireland handle the data processing.
7. Detroit is the seat of legal and banking facilities.

b. The world economy has been reorganized so that high tech and knowledge-based industries are located in the developed centre, particularly in the G-7, while the developing world provides low tech, low wage production processes.

c. There is the rapid integration of financial markets, and capital is free to move over the globe with minimal restrictions. Foreign Direct Investment flows determine the development of countries. Uncontrolled financial movements can damage an entire region and pollute other economic markets.

d. Where access to natural resources, such as land and raw materials was the basis of the wealth of countries, financial wealth can now be disconnected from natural resources.

e. The development of mega-blocs and regional trade groupings and increased trade between the countries of the regions lead to large companies being formed.

f. The services sector is one of the fastest growing areas in the global economy, along with growth in the high tech information and telecommunications area. Electronic commerce is gaining steady ground and momentum for those countries which have been able to twin technology with commercial activity.

g. There is an intensifying of competition on the world scale as all countries are competing for the same consumer. Global elites, global middle classes, and global teenagers are the market for leading 'brands' from all over the world. Workers are competing with their colleagues all over the world to gain shares in the market for the output of their labour.
Technological

An information technology-driven, knowledge-based revolution is a major driver of globalization. The fastest growing area of trade relates to high tech products and services. Furthermore, access to new technology, creates opportunities to change work processes, and to modify the very nature of work.

Organizational

Globalization is characterized by corporate reorganization on a massive scale. Organizations are being flattened, some are being downsized, strategic corporate alliances are formed, mergers and acquisitions are the order of the day and franchises are expanding at a rapid rate.

The spread of negatives

The impact of the Asian Crisis of 1997 across the world, the terrorist activities in the United States of America on September 11, 2001, and the anthrax scare all tell a story of how much the world has become a global village. This negative story can be embellished by reference to the spread of drugs and gun-related crimes worldwide within recent times.

Political

The threat to the nation state is real as they surrender to the hegemonic power contained in framework agreements such as the WTO. Within nation states, the power of the state is diminishing under globalization. This is leading to the privatization of state-owned entities as states accept a minimalist role in economic activities.

Social

The most important social feature of globalization is the growing disparity between the rich and the poor. The ratio of the income of the top 20% in the world to that of the poorest 20% rose from 30:1 to 84:1 in 1995.

4.2 The impact of globalization on the Caribbean

Right wing economists and others speak glowingly of the positive impacts which globalization can bring to the Caribbean and to the workers of the region. They speak of the impressive foreign direct investment flows which countries such as Trinidad and Tobago and Barbados have gained in the manufacturing plant and tourism infrastructure, respectively.

The reality is that globalization has not witnessed any rapid growth in investment in most Caribbean countries, nor has it resulted in Caribbean states being able to expand their trade significantly by expanding exports to any of the regions controlled by the triad. Indeed the result has been that Caribbean markets have been more exposed to imports from the developed countries. Where jobs have been created in areas such as informatics and data processing, they have tended to be low-waged and to have attracted females and white collar workers.

The Caribbean is witnessing privatization of state enterprises, the development of atypical forms of employment contracts, attempts by employers to contract and curtail benefits gained over the years, and attempts at bolstering productivity by flexibilization of various types.

Footloose investors have been attracted to the region in search of low wages. Any attempt at organizing their employees into trade unions is met by a rebuttal which can take the form of challenging the country’s industrial relations system or may lead to an abandonment of the investment and moving on to a more compliant location.

For many, globalization is seen as the enemy of the trade union which is considered to be an institution which prohibits the free utilization of capital, and which tries to restrict the rights of management to determine work practices unilaterally.

There is an acceptance that general living standards have declined in some areas of the Caribbean in the 1970s and 1980s, and the existence of poverty is at an uncomfortable level in some countries.

In recent times, the penetration of large and powerful American transnationals in the distributive sector, such as K-mart and Price Smart, has had negative effects on the performance of the indigenous business class. There is a widespread fear that local businesses will be supplanted by these powerful retailers who will then
exercise monopoly power in the territories. They have also introduced their employment practices in their operations.

Caribbean countries are characterized by small size, dependency, openness to external stocks and the ravages of nature. They will have to learn to manoeuvre carefully in a globalized world controlled by the wealthy and powerful.

The major threats to the worker in globalization include reduced job security, having to compete for jobs worldwide, and the danger of having their wages and salaries driven down.

**Exercise**

1. In what ways has globalization shown a negative impact in your country?
2. What steps are being taken in your country to combat the negative influences of globalization, and to position your country to face the challenges?
Section: Module 5 - The Trade Union Response

Objective

- To discuss trade union strategic responses at the international, regional and national levels.

5.1 International and regional trade union strategies

The International Confederation of Free Trade Unions (ICFTU) in 1996, at its 16th World Congress, produced a publication entitled “The Global Market - Trade Unionism’s Greatest Challenge”. In this document the ICFTU stated its intellectual counter to the ideology of globalization:

“Our vision of society is fundamentally different to that of the free market ideologies. Our objective is to help organize the use of the world’s main resource -its people -to improve the general welfare of society and especially its weakest members.”

The ICFTU has been working closely with the International Labour Organization (ILO) in campaigning for the universal ratification of its core conventions. It has been lobbying the Bretton Woods institutions for an improved attitude to trade unions and was rewarded, when in its 1995 report, the World Bank advised that the right to join a trade union is a cornerstone of democracy and that collective bargaining produces positive results for workers and employers.

The ICFTU is supporting the negotiation of a social clause linked to the process of further trade liberalization within the WTO framework.

Negotiation of the social clause in WTO

The Social Clause is based on the eight core ILO Standards:

- Conventions No. 29 and No. 105 on the abolition of forced labour;
- Conventions No. 87 and No. 98 on the rights to freedom of association and to bargain collectively;
- Conventions No. 111 and No. 100 on the prevention of discrimination in employment and equal pay for work of equal value;
- Convention No. 138 on the minimum age for employment; and
- Convention No. 182 on the worst forms of child labour.

The ICFTU argues that such a social clause will open markets, increase growth, create jobs and distribute the benefits of trade more fairly. It advocates that sanctions should be reserved only for those countries who reject or refuse to implement the standards in the clause. The suggested text for the clause is:

“The contracting parties agree to take steps to ensure the observance of the minimum labour standards specified by an advisory committee to be established by the WTO and the ILO, and including those on freedom of association and the right to collective bargaining, the minimum age for employment, discrimination, equal remuneration and forced labour.”

The ICFTU has indicated that the ability of trade unions to defend workers’ rights in an age of globalization will depend on the following:

1. The extent to which unions can succeed in recruiting and retraining members, particularly women and young workers, both in the traditional and new occupations and sectors;
2. The capacity of trade unions to ensure that basic international labour standards are recognized and applied;
3. The ability of trade unions to organize and help workers in the informal sector;
4. The efforts of trade unions to convince workers all over the world that they are a positive voice ready and able to address their problems;
5. The ability of trade unions to develop their own strength in order to establish a countervailing power to match that of the Transnational Corporations and ensure that they implement the international codes in corporate behaviour;
6. The extent to which unions are perceived by workers and the general public as assisting economic progress by their response to changes in technology and techniques at the workplace, in a world where market forces, privatization, and deregulation lay claim to being the driving forces of change.

The ILO has been very proactive in responding to the challenge of globalization, making a universal call for Decent Work, including acceptance of core labour standards, employment generation, social dialogue,
vibrant enterprises, the removal of various asymmetries in the workplace, and best practices in business entities.

Affiliates of the ICFTU at the regional levels are mandated to pursue its policies, so that in the Caribbean region, the Caribbean Congress of Labour has been able to negotiate the inclusion of a Charter for Civil Society and a Declaration of Labour and Industrial Relations Principles.

At the hemispheric level, the FTAA has accepted that labour matters will be considered and that the labour forum which was proposed by the trade unions will be given status in future discussions.

5.2 The labour agenda at the national level

Trade union activity at the national level must reflect the guidelines set out by the ILO and the leading trade union internationals. The labour agenda must include the following:

- Building trade union capacity to function effectively on behalf of members.
- Organizing the formal and informal sectors.
- Networking with other agents of civil society.
- Encouraging, promoting and respecting fundamental labour rights for workers.
- Expanding tripartite social dialogue and the development of social compacts.
- Developing strategies for improving productivity competitiveness and cooperative labour relations.
- Encouraging balanced and stable macro-economic policies.
- Fostering human resource and skills development.
- Expanding social protection.
- Negotiating for job security.
- Keeping abreast of the relevant information and knowledge about globalization.
- Using the information communication technology to network global support against businesses with negative practices.
- Maintaining militant countervailing intellectual and ideological world views against neo-liberalist paradigms.

Finally, globalization must be seen as a continuing process, a further stage in the continuum of change ushered in by capitalism. Trade unions must be motivated to accept the challenge of globalization to renew its commitment to the working class, and to co-operate at a global level greater than ever before.

Exercise

1. Should the Social Clause be placed in the WTO agreement? Or should it be left with the ILO and the latter, given their power to ensure its application by member states?
2. How can trade unions assist in getting ILO Conventions ratified by national governments?
3. Comment on the conclusion that: “Caribbean trade unions need to be knowledgeable about the structure and programmes of the ILO.”

Bibliography

- CTUC: Common Cause: An Education Pack for British Trade Unionists. (Congress House, Great Russell Street, Great Britain (nd)
There are several texts which have been written on the trade union as an institution. Most of these have been prepared by academics for use in undergraduate and post graduate studies. Rank and file trade unionists in the Caribbean need a basic primer on the institutions to stimulate their thoughts on the trade union as an institution, its aims, functions, process, structure and its outputs. At a time of global change trade unions, like all other institutions have to examine themselves and begin a process of responding to the changing environment in which they find themselves. Hopefully, this manual will contribute to the process. I extend special thanks to Mr Willi Momm, Director of the ILO Caribbean Office, Mr Evelyn Greaves, Senior Specialist, Workers’ Activities, ILO Caribbean Office, for their assistance in developing the module. Mr LeRoy Trotman, General Secretary of the Barbados Workers’ Union gave full encouragement. Ms Coreen Gibson has been a tower of strength in typing the manuscript. This manual was tested at a Meeting/Workshop for the final Evaluation of the ILO/DANIDA Project for Strengthening Trade Unions in Selected Caribbean Countries in Guyana in December 2001. Special thanks for the insights offered by all workshop participants but particularly to Brother Steen Christensen, General Secretary of the Danish Trade Union Council for International Development Cooperation and to Brother Neils Enevoldsen, from the Workers’ Education Branch.

Section: Module 1 - Trade Union Development and Challenges

Objectives

1. To examine the current situation facing trade unions in the Caribbean
2. To examine the challenges to trade union development

1.1 Trade Union membership and density

In 1998, the International Labour Organization's Caribbean Office produced a Digest of Caribbean Labour Statistics providing invaluable information on issues concerning labour in the Caribbean. The digest was published in 1999. The following is an adaptation of the information provided on workers' organizations and members in the mentioned territories.

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>NO. OF UNIONS</th>
<th>MEMBERSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>4</td>
<td>(Not given)</td>
</tr>
<tr>
<td>Antigua &amp; Barbuda</td>
<td>5</td>
<td>17,273 (1993)</td>
</tr>
<tr>
<td>Bahamas</td>
<td>35</td>
<td>45,000 (1998)</td>
</tr>
<tr>
<td>Barbados</td>
<td>13</td>
<td>25,322 (1995)</td>
</tr>
<tr>
<td>Belize</td>
<td>9</td>
<td>3,207 (1995)</td>
</tr>
<tr>
<td>Bermuda</td>
<td>7</td>
<td>7,616 (1992)</td>
</tr>
<tr>
<td>Dominica</td>
<td>8</td>
<td>32,400 (1995)</td>
</tr>
<tr>
<td>Grenada</td>
<td>25</td>
<td>(Not given)</td>
</tr>
<tr>
<td>Guyana</td>
<td>15</td>
<td>66,295 (1992)</td>
</tr>
<tr>
<td>Jamaica</td>
<td>125 (Many not functioning)</td>
<td>(Not given)</td>
</tr>
<tr>
<td>Montserrat</td>
<td>5</td>
<td>742 (1996)</td>
</tr>
<tr>
<td>Bonaire</td>
<td>1</td>
<td>(Not given)</td>
</tr>
<tr>
<td>Curacao</td>
<td>3</td>
<td>(Not given)</td>
</tr>
</tbody>
</table>
Additional information is provided about the national centres in the various countries. The Bahamas has two national centres:

1. The Commonwealth of the Bahamas Trade Union Congress; and
2. The National Congress of Trade Unions.

The other national centres which presently exist are:

<table>
<thead>
<tr>
<th>Country</th>
<th>National Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barbados</td>
<td>Congress of Trade Unions and Staff Associations</td>
</tr>
<tr>
<td>Belize</td>
<td>National Trade Union Congress of Belize</td>
</tr>
<tr>
<td>Grenada</td>
<td>Grenada Trade Union Council</td>
</tr>
<tr>
<td>Guyana</td>
<td>Guyana Trades Union Congress</td>
</tr>
<tr>
<td>Jamaica</td>
<td>Jamaica Confederation of Trade Unions</td>
</tr>
<tr>
<td>St Vincent &amp; The Grenadines</td>
<td>National Labour Congress</td>
</tr>
<tr>
<td>Trinidad</td>
<td>National Trade Union Centre</td>
</tr>
<tr>
<td>Suriname</td>
<td>Ravaksur</td>
</tr>
</tbody>
</table>

In May 1998 the Caribbean Group for Cooperation in Economic Development (CGCED) published a document prepared for the International American Development Bank on Workers and Labour Markets in the Caribbean. According to their report, union density in 1996 in Caribbean members of the CGCED was as follows:

<table>
<thead>
<tr>
<th>Country</th>
<th>% Labour Force Unionized</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua &amp; Barbuda</td>
<td>20 – 28</td>
</tr>
<tr>
<td>Bahamas</td>
<td>25</td>
</tr>
<tr>
<td>Barbados</td>
<td>20</td>
</tr>
<tr>
<td>Belize</td>
<td>11</td>
</tr>
<tr>
<td>Dominica</td>
<td>10</td>
</tr>
<tr>
<td>Grenada</td>
<td>20 – 25</td>
</tr>
<tr>
<td>Guyana</td>
<td>34</td>
</tr>
<tr>
<td>Jamaica</td>
<td>15 – 25</td>
</tr>
<tr>
<td>St Kitts-Nevis</td>
<td>33</td>
</tr>
<tr>
<td>St Lucia</td>
<td>20</td>
</tr>
<tr>
<td>St Vincent &amp; The Grenadines</td>
<td>10</td>
</tr>
<tr>
<td>Suriname</td>
<td>60</td>
</tr>
<tr>
<td>Trinidad &amp; Tobago</td>
<td>20 – 28</td>
</tr>
</tbody>
</table>

Further information from these sources indicate that the main areas in which collective agreements exist in these countries are: manufacturing; wholesale and retail; transport; storage and commerce; public services; utilities and hotels. In some countries, especially the larger countries, quarrying and mining are areas
covered. In few of the countries, Trinidad as an example, finance and insurance is a major area in which collective agreements exist.

Information on trade unions in the Caribbean has not been collected on a systematic basis and it is therefore difficult to provide time series and comparisons over time to indicate in a scientific and systematic way how the trade union has fared over time.

The information available, however, suggests that the trade union as an institution is well-entrenched in the labour markets of the Caribbean. The density of union organization must not be confused with the wider coverage which workers, who are not members of the trade union receive because they automatically benefit from gains made by those within the bargaining unit.

Agency shop arrangements have existed in some countries such as in the public service in Guyana and in Antigua. However, the system has often been plagued by problems.

Trade unions are now accepted as valuable institutions helping to regulate the labour markets in our country. The concept of social partnership is helping to further this acceptance, and is elevating the trade union from its well-entrenched role at the micro level, within firms, to the macro level where it can contribute to national planning and national development.

1.2 Challenges facing the trade union movement

Some questions are being raised about the ability of trade unions to survive in the current economic environment. Suggestions have been made that globalization is inimical to the existence of the trade union as an institution, and that the effects of globalization will lead to a weakening of the movement.

While there is a shortage of empirical evidence on the impact of globalization on trade union density, and on its ability to maintain collective agreements, there is some evidence that the 1980s and 1990s witnessed a weakening of the membership base in the world. It is difficult to determine the extent to which the decrease in trade union numbers can be attributed to the periodic recessions in the world economy, as against the anti-union strategies developed by leading national governments.

In the Caribbean, the interventions of the international financial institutions in the 1980s and 1990s led to the introduction of stabilization and structural adjustment programmes which triggered deflationary policies resulting in massive job losses and consequently lowered union membership. Operating against the background of depressed economies, trade union pushfulness was constrained. Various types of methodologies, including wages restraint and wages guidelines, became the norm in the region and there was a significant slowing of industrial action in countries which hitherto were known for the militancy of their trade union efforts.

It can be argued that the period of the 1980s and 1990s saw an erosion of the consolidation of the trade union and its membership, as well as the financial strength which characterized the decades of the 1950s and 1960s and which saw some slowing in the 1970s.

Development of the services sector

Another factor which has impacted on the trade union is the development of the services sector, and in particular, the massive increase in knowledge workers.

Increasingly the areas that beckon for trade union organization are those in the services sector, where white collar and highly educated workers are employed. Trade unions have developed great expertise and experience in organizing and relating to white collar workers in the public sector. However, there has been a slower response in organizing workers into trade unions in areas such as finance and banking. This does not mean that there are not active bank employees' unions, and indeed several do exist, but there are still some countries where significant headway remains to be made in organizing workers in this area.

This is also true of employees in supervisory, technical, professional and managerial areas. There have been tendencies to develop staff associations to represent workers at this level, since they seem to lack confidence in the capacity of the established trade unions to represent them.

Atypical employment

With the spread of technology, trade unions are being challenged to develop strategies to embrace workers who are in atypical forms of work arrangements. In many instances, workers who were former members of
trade unions find themselves having to eke out a living as workers in the informal sector. Most trade unions are actively engaged in developing strategies to deal with the relatively new entrants to the labour market.

Another challenge is that the use of computers is facilitating home workers who are not necessarily grouped as employees in the common workplace. While this feature is not yet widespread, it is likely to be a challenge to the trade union in its quest of organizing.

A similar challenge exists where free trade zones have been established in Caribbean countries. Such free trade areas have been able to resist the trade union movement and hinder its capacity to recruit thousands of workers who would normally fall within the trade union’s umbrella.

**Human resource development strategies vs. trade unionism**

There is a growing perception that the private sector is using human resource management strategies to hinder the development of the trade union. One of the fastest growing areas of education for professionals is that of local and international access to training in Business Administration at the certificate, diploma and bachelor’s and master’s level. A large number of graduates are forming human resource management associations in different countries, and there is a regional grouping of human resource management practitioners. Human resource management tends to adopt strategies which tend to challenge the trade union and which tend to de-emphasize industrial relations. Trade unions are being forced to evaluate their practices in relation to this development.

**Individualism vs. collectivism**

There is a growing tendency among young entrants to the labour market to question the current role and practices of the labour movement. Some of the young adopt the view that they can gain significant personal achievements without the intervention of the trade union. Employers have been quick to use this development to introduce a level of individualism into industrial relations, particularly through emphasizing the personal contract as against the collective agreement, stressing personal compensation, and using other strategies to destabilize the collectivism which is the basis of trade unionism.

Caribbean countries generally have open door policies in relation to foreign direct investment. The result is that transnationals find a ready acceptance, and in many instances, the host country supporters of the investment appear willing to provide exemptions and derogations from local standards for these investors. Hotels, which promote all-inclusives and resist trade unions, and manufacturers in search of cheap but competent and reliable labour, are likely to receive local champions who consider the trade union as a restraint on local economic development.

While political unionism is not practised to the extent of earlier decades, there is still some concern about the role which trade unions play in local partisan politics. In some instances, trade union bargaining and other activities are seriously affected by perceptions of the political role of the trade union.

Much focus is being placed on the trade union as a business organization. It was not unusual in the pre-1980s for Caribbean trade unions to depend on various forms of assistance, including direct contributions to payroll costs, to conduct their business. Little public information exists about the economic viability of Caribbean trade unions, but it may be logical to assume that stagnating or declining membership can have a negative impact on the trade union’s ability to service its members at a difficult period of caribbean development.

The challenges facing the trade union as an institution demand a new focus on the trade union’s role, and how it manages its business. Like all institutions, trade unions need to reflect, evaluate and adjust to a continuing process of keeping relevant. The growth of non-governmental organizations, and their acceptance at the international, regional and national level as co-spokespersons for the constituency of the trade union should be a wake up call for trade unionists

**Exercise**

1. How successful have Caribbean trade unions been in developing meaningful and reliable information databases?
2. What are the challenges facing the trade union in recruiting young workers into the movement?
3. Are there codes or standards in your country detailing the relationship between foreign investors and trade unions?
Section: Module 2 - The Function and Role of Trade Unions

Objectives
1. To define the nature of a trade union.
2. To create an understanding of the functions of a trade union in the Caribbean.

2.1 Definition of a Trade Union

A trade union is an organization based on membership of employees in various trades, occupations and professions, whose major focus is the representation of its members at the workplace and in the wider society. It particularly seeks to advance its interest through the process of rule-making and collective bargaining.

2.2 The Function of Trade Unions

In each country, trade union legislation (usually a Trade Union Act) gives a legal definition of a trade union, and sets out its objectives. The Labour Relations Code 1976, established under the Labour Relations and Industrial Disputes Act 1975 of Jamaica sets out what is considered to be the main objectives of the trade union:

"The main objective of a trade union is to promote the interest of its members, due regard being paid to the interest of the total labour force and to the greater national interest. To achieve this aim, trade unions have a duty to maintain the viability of the undertaking by ensuring cooperation with management in measures to promote efficiency and good industrial relations.

Trade unions should therefore:
1. where appropriate, maintain jointly with management and other trade unions effective arrangements at industry or local levels for negotiation, consultation, and communication and for settling grievances and disputes;
2. take all reasonable steps to ensure that their officials and members observe all arrangements;
3. provide for the training of delegates in the scope of their powers and duties and the day-to-day operation of the unions;
4. provide adequate educational opportunities for the advancement of their members;
5. be properly staffed to serve the needs of their members, and allow for effective lines of communication between such staff and the rank and file membership;
6. encourage members to take part in their activities by adopting such means as would best allow them to do so, including the compilation and distribution of information;
7. make available information pertaining to the rules and policies of the union;
8. provide adequate advisory services for their members and in particular assist them to understand the terms and conditions of their employment; and
9. identify trends in industrial relations to help their members to anticipate and keep abreast of change."

This piece of national legislation provides a relatively restrictive function for trade unions, in keeping with the purposes of the legislation. Trade unions themselves set out their functions within their rulebooks. Most of them add others, in addition to the functions mentioned above, including interventions in the economy through sponsorship of trade union business activities and cooperatives, and political roles, among others.

2.3 The Role of Trade Unions

Generally, it is possible to summarize the various functions which Caribbean trade unions have undertaken:
1. Political role, using collective power to influence decisions on behalf of members and the wider society;
2. Market role, by intervention wage bargaining and thus impacting on the economy;
3. Regulatory role by setting standards in relation to jobs and terms and conditions;
4. Democratizing role, in creating industrial democracy at the workplace;
5. Service role, in promoting the intervention of members;
6. Enhancement role in helping to develop the human potential of members; and
7. Welfare role in providing assistance to particular groups.
1. Political role

In many instances, trade unions were established in the Caribbean before the advent of political parties which evolved from the trade unions. This resulted in a close nexus between the two institutions which were often organically linked. In the early stages of their development, some trade unions functioned as rate payers institutions, increasing the wages of members who were then able to become electors by reaching the required franchise qualifications.

The vote of trade union members was important in assisting labour leaders to become members of the political elite. In every country in the region, at some time or another, trade union leaders became politicians.

Trade unions were able, through their leadership, to lobby for significant social and labour legislation to be placed on the statute books. In addition, they were able to ensure that consolidated funds provided for the improvement of the infrastructure, so that roads, housing and sanitation facilities were available in areas that were depressed.

In recent times, some territories have moved away from leadership which arose out of the nexus between trade unions and political parties. Many political leaders have reached their position through their professions as lawyers, economists, agricultural scientists and similar occupations and do not necessarily relate to trade unions through a bond of association. There are still leaders who owe their elevation to an association with the trade union.

Many trade unions are able to use their influence, and sometimes power, to impact on political decisions.

There are many who recognize that power relations are at the basis of industrial relations, and that trade unions are political institutions. Some recognize the trade unions as exercising a countervailing power against the state, and the private sector, on behalf of their membership which comprises mainly the working classes.

In exercising their political power, trade unions have to be wary of the dynamics of party political structures in the communities. In some territories, trade unions are still linked, almost organically, with political parties. In others, there are less-structured relationships. In others, trade unions remain uncommitted to the party political process, and while influencing the process, remain uncommitted and unrelated to any particular party, basing power on the support of the membership.

The reality is that as political parties have matured, developing their own machinery, particularly for election purposes, and providing status and opportunity for their members, they have had to rely less on trade unions.

Trade unions, because of their basis and deep commitment to their membership, which is largely drawn from the cohorts of the working class, may find themselves in conflict with parties which are often multi-class coalition dominated by interests which are not always favourable to the masses.

Stabilization and structural adjustment policies pursued by some political parties supposedly linked to the labour movement, have led to alienation and disruption of relationships between parties and unions.

There is a growing tendency in the region for trade unions to disconnect from the organic relationship with political parties.

2. Market role

The market, or economic role of trade unions is no doubt the dominant role practised by Caribbean trade unions. Exclusive, collective bargaining trade unions negotiate wages and salaries, helping to distribute the value added in the business firm and increasing the spending power of their members in the economy.

In societies where the majority of people are wage or salary earners, the role of the trade union in regulating the local economy is extremely important. Labour costs are an important consideration in determining the ability of locally-produced goods and services to compete against any externally produced items.

In many Caribbean countries, there is constant tension between the state and the unions, and between the private sector and the unions, on the market role of trade unions.
Because of the relatively large role which the public sector still plays as an employer in the Caribbean, public sector wage/salary negotiations are often a barometer of the economic situation in most territories. There is a tendency for public sector negotiations to serve as a platform or indicator of levels of settlement in other areas of the economy. There is an underlying assumption that government should be a more liberal and generous employer than others in the community. There was also a perception that government could never argue that it was unable to pay as it could have recourse to taxation to pay for salary increases.

While maximizing benefits to their members, trade unions are always conscious of the possible impact of their bargaining on inflation and employment. Caribbean countries are generally open economies, dependent on trade for survival. In many instances, inflation is determined by the cost of goods and services which are imported. There is not much evidence to suggest that trade unions are responsible for cost-push inflationary tendencies in the region.

In some countries, trade unions are accused of contributing to regimes of high wages and high labour costs, leading to unemployment as investments are not encouraged, and existing businesses falter as a result of high costs.

Caribbean countries generally do not provide information on the distribution of income so as to assess the movement of labour’s share in the income. There is some indication that there is increasing inequality in wage and salary distribution. In some countries, areas that are not unionized, such as the offshore banking and financial sectors, are attracting salaries in excess of the national average which is likely to be impacted by collective bargaining.

The point has to be made that the trade union’s economic or market function in the Caribbean is generally reactive. Trade unions direct their efforts at protecting their workers against the ravages of inflation, and trying to improve living standards which have been depressed for historical reasons. They also try to defend their member’s right to work and are supportive of both macro and micro economic policies which would be conducive to high employment.

3. Regulatory role

The early craft union has as one of its basic functions the regulation of apprenticeship and setting of standards of work required of journeymen and master craftsmen, and linking this to pay. Trade unions are still influential in determining and establishing job standards in the workplace.

Increasingly, management has sought to regain control of the workplace and to determine unilaterally, matters relating to the nature of jobs and other working conditions. Even at the international level, employers are claiming that workplace standards, in keeping with ILO Conventions and Recommendations, are proving onerous and difficult to maintain. There is an increasing trend towards attempts at rolling back many of the gains achieved by trade unions.

The strength of the trade union at the workplace level determines its ability to perform its job regulation function. Strong trade unions have entered into arrangements where the power of management has to be shared with the union at the workplace. Jointly agreed procedures for dealing with major issues in the workplace e.g. grievances, discipline, job evaluation, redundancy, work changes, safety and health, along with the right to negotiate terms and conditions through collective bargaining, provide the sound basis for unions to perform regulatory functions.

Trade unions are currently trying to expand such joint arrangements to cover areas such as training, equal rights for part-time employees, sexual harassment, treatment of those with chronic diseases, and other areas. On the other hand, some employers are seeking to side step the trade union by engaging in direct contract with employees rather than encouraging union participation.

4. Democratizing role

The trade union’s rank and file are provided with the opportunity of electing their stewards, committees of management, and through the delegate system, their executives and other leaders. The process of preparation for collective bargaining also encourages worker participation. Trade unions are fertile institutions for the furtherance of participatory democracy, for the freedom of assembly, the right to speak freely and the right to exercise choice.

Traditionally the separation between capital and labour has created a situation where it has been accepted that management is imbued with the right to manage, which is binterpreted to mean that workers are mere resources to be manipulated like any other resource.
Paternalistic, autocratic and top-down management has been characteristic of the social relations in the workplace. Indeed, there is a notion that the plantation has created the model of relations for other workplaces in the Caribbean.

Decisions were made at the top and, through the route of edicts and directives, were passed through various levels to the rank and file. Like opportunity was afforded to challenge these directives. Those who tried to do so were branded by the system. Conformity and compliance were highly valued. The hierarchical system within the workplace conformed to the system within the wider society, with those at the level of the boardroom and management deriving from a different class origin, and sometimes, a different ethnic origin from those on the shop floor. Power in the society was reflective of power in the workplace.

Access to popular political participation, through the right to vote, has led to demands by workers for economic democracy, defined as the right to participate in industrial democracy.

Trade unionists have demanded the right to have workers sit on the Boards of Directors as the epitome of workplace democracy.

5. Service role

Trade unions attempt to develop services which are valuable to their members as individuals, outside of the scope of collective bargaining. In the early stages, this took the form of mutual assistance, but with the onset of the welfare state, with provisions for national insurance and similar schemes, this demand has abated.

Yet trade unions have recognized the need to expand their role in assisting their members in a variety of areas, and so have undertaken a number of non-traditional ventures on behalf of their members. Some of the most successful cooperative organizations, particularly credit unions in the Caribbean, have been developed by trade unions on behalf of their members. Trade unions have also developed housing land-lease schemes, transport and service stations, banks, laundromats, cinemas, stores, insurance programmes and other schemes for the benefit of members.

One of the major matters agitating the concern of some trade unions is the issue of pension funds, contributed by members. In many instances, trade unions negotiate pensions for workers. Contributions are collected and managed by professional firms which become extremely wealthy. Trade unions are becoming aware that they should develop the expertise to manage such funds on behalf of their members.

In recent times also, the closure of companies or parts of companies has led to opportunities for worker ownership and control of business. Trade unions have been able to offer professional, advisory and management services to assist in establishing businesses for the workers, and in some cases, trade unions have actually become shareholders in the business.

The non-traditional membership services can be attractive and appealing and can act as focal points for recruiting members who are attracted by the image of the unions as a diverse and effective organization.

Trade unions also supply legal and medical services for their members. Some trade unions recognize the high cost of legal representation in the Caribbean and seek to provide legal assistance to their members. This is especially important in areas where the collective bargaining and grievance handling process is highly regulated.

There are a number of instances where trade unions have established partnerships with medical practitioners to provide services for their members in a proactive system. Regular medical check-ups and inspections help to deter the need for corrective medicine, and leads to a healthier and more effective membership.

6. Enhancement role

Trade unions provide the opportunity for workers to develop pride in themselves, to reach positions of leadership and to excel, where without this vehicle of mobility, many would have had a stultified existence. Many persons who have moved on to management and other leadership roles can testify to their beginnings as shop stewards who were given basic training and opportunity for leadership in the labour movement.

Trade unions can develop as multi-issue, multi-functional organizations catering to the wide interest of their members. Thus, for those diverse interests, trade unions can provide organizational support to enhance their effectiveness. Groups such as the youth, women, and the elderly can be given the opportunity to develop themselves through programmes which cater to their needs.
The role of trade union education is critical to helping members to develop their potential.

**7. Welfare role**

Some trade unions have actively engaged in providing welfare services for members and even for the wider community. This takes various forms including the employment of those who have disabilities, as an example to the wider community, the provision of family services including baby creches, child care centres and old people’s homes, as well as play and recreational centres in depressed areas.

The reality is that trade union functions have developed out of historical circumstances. In some situations, trade unions function within the narrow business union function, limiting their interventions to their market and job regulation aspects. In other areas, trade unions are multi-issue and multifunctional institutions, conforming more to the idea of the trade union as being part of a movement.

In some instances, trade unions transcend the representation of their membership and reach out on behalf of non-members, including the unemployed, the disabled and others who need their assistance in the wider community.

**Exercise**

1. Give reasons why trade unions should not limit their role to business unionism?
2. Give arguments for and against the alliance of trade unions to political parties.
3.1 Organization vs. Structure

Organization relates to the coordination of people, processes, systems and activities to render administrative, technical and representational services to members.

Structure refer to the different types and classification of unions.

3.2 Trade Union Organization

The trade union in the Caribbean exhibits an array of examples of ‘organization’ and ‘structure’. There is, of course, a symbolic relationship between organization, which speaks to how the union manages and governs itself, and structure, which relates to the type of membership. The main factor that separates the trade union from other organizations such as the company, corporation or firm, is that it is a ‘mutual’ organization, owned by the members and run for their benefit. This characteristic of the trade union should always be reflected in democratic control, accountability to the membership and decision-making that reflects the input of membership. Although there is a wide variety of trade union organizations in the Caribbean, there are certain basic patterns which exist. As most Caribbean countries are relatively small, geography does not play a significant role in trade union organization. This is not true in relation to larger territories such as Jamaica, Trinidad and Tobago, Guyana, Suriname and Belize where geographical diversity can impact on trade union organization, necessitating regional and other arrangements.

Most unions have a CENTRAL and an AFFILIATE or BRANCH system, and a DELEGATES’ conference. In some countries a CONGRESS of trade unions provides another layer of trade union organization.

Central Control

The central control for many trade unions take the form of an Executive Committee, Council or Executive Board or some such similar designation. This Committee or Board is usually elected at a delegates’ conference and carries out the policies determined by the conference. In some situations where the system relates to affiliates of unions to confederations, the central body is elected by the various affiliates.

The central control is generally responsible for employment of staff where the organization needs to have full-time staff. With the exception of a few, most trade unions in the Caribbean have paid full-time employees, especially the larger unions. In the case of professional and semiprofessional groups, the tendency is to have competent members functioning as staff even though they may be paid by the employer, but are provided with generous leave terms and regulations.

In a small trade union, a primitive democracy can exist where at an annual conference, all members can attend, participate and contribute to decisionmaking. Larger unions resort to a delegates’ system where delegates are elected by branches or divisions based on an agreed numerical ratio. This form of representative democracy gives the rank and file power to determine the policy of the union and control the activities of the central body as well as of the full-time officers.

In general or blanket unions, the division is a very important part of trade union organization, similar to the role of the branch in a confederation type union.

Governance and Administration

The governance and administration of the trade union generally falls to the responsibility of the central authority, and the full-time staff, as guided by the delegates’ conference.

Traditional businesses refer to the use of “management process” involving planning, staffing, organizing, directing and controlling the organization in order to realize business objectives with effectiveness and efficiency.

Recognizing the mutual nature of trade unions, the term management may not be easily accepted in describing systems of trade union control. Yet it is important to recognize that there are sub-systems in trade union administration which makes it different from other organizations.

The union’s ADMINISTRATIVE SYSTEM is similar in ways to that of other business systems requiring an
executive authority that is finally responsible to a representative authority but which has the task of ensuring that the organization administers effectively and efficiently.

3.3 The Administrative System

On the other hand, the REPRESENTATIVE SYSTEM ensures that the executives reflect the wishes of the rank-and-file membership.

The Executive of the trade union represents the elected leaders (council, committee, board etc) and have the responsibility of planning, staffing, organizing, directing and controlling the business of the union.

Planning

Some unions utilize formal planning systems such as retreats to plan on an annual or less frequent basis for their members. In recent times a number of trade unions have used strategic planning to help them chart their paths. Such unions have developed mission and vision statements along with operational plans for their organization.

Among the planning functions which the executive are expected to perform are forecasting, setting objectives, developing strategies, creating programmes, preparing budgets, establishing procedures and developing policies to guide the organization through the planning period.

Some trade unions have developed procedures for the delegates' conference to play a vital role in the planning function. The delegates' conference, rather than being dominated by reports from the executive and staff, comprises planning groups which report to the council, providing a basis for action in the ensuing inter-conference period.

Staffing

Staffing requires the recruitment of qualified people for each position in the trade union; familiarization of the new people recruited with their roles; providing constant training to make them efficient by instruction and practice; evaluating them; and helping them to improve their knowledge, attitudes and skills. Trade unions need to be conscious of the remuneration and conditions of employment of members; provide for the expression of complaints and grievances; arrange for discipline; make provision for retirement and renewal; and consider succession planning.

Unlike other organizations, trade unions cannot afford to recruit directly from the market. Even though trade unions want to attract staff who are academically and technically qualified to perform their functions, issues of loyalty, commitment and dedication to trade union ideals must be important in determining suitability for employment in the organization. Trade unions are therefore likely to recruit persons to the staff who have demonstrated some connection to the labour movement.

It is not unusual for shop stewards to be recruited as full-time staff, or for academics with a track record of support for the movement, or for relatives of trade union members to be taken on staff. Trade unions have to be careful in their recruitment processes not to display examples of nepotism or favouritism in staffing as this may draw the ire of the rank- and-file.

Staffing is extremely important in terms of servicing the needs of members and performing the multiple functions and roles established for the trade union.

Organization

The trade union should establish departments which help to facilitate the various roles established before. The major or core departments in a trade union would include those relating to recruiting members and organizing divisions or branches, financial management and administration; research; and education. Other departments may include safety and health, public relations, gender, youth, legal and member services, among others, depending on the complexity of the trade union.

Specialist full-time staff servicing these departments may include research officers, accountants, economists, educators, lawyers, safety and health specialists, journalists, public relations and marketing professionals, negotiators and recruitment or organizing specialists.

The positions held by various officers vary. In some instances, the Chief Officer in the Administrative Structure is referred to as the General Secretary. The principal assistants are designated Deputies, and there is then a variegated structure of assistants at various levels and other positions. In other situations the Chief
Officer in the Administrative Structure is the President, who is much more than a presiding officer, and the assistants are titled vice-presidents.

Whatever the situation it is imperative that trade unions develop an organisational chart with clearly defined relationships to facilitate coordination of the job functions.

Trade union staff, like those of other organizations should have job descriptions which define the scope of their jobs, their responsibilities, relationship and authority. The executive should also define qualifications for each position. The organizational chart should show a definite line of progression ensuring mobility within the organization.

**Directing**

Trade union titles include those such as Director of Finance, Director of Industrial Relations, Director of Research and so on.

Direction is a fundamental administration function. It includes assigning responsibility and exacting accountability for results; persuading and inspiring people to take a desired action; relating efforts in the most effective combination; managing differences by encouraging independent thought and helping to resolve conflict; and managing change through stimulating creativity and innovation in achieving goals.

It is fundamental that the trade union supervisory staff be empowered to direct their departments in such a way as to effectively utilize the human and other resources at their disposal for the benefit of the members.

**Control**

The entire system of administration of the trade union will be flawed if there are inadequate provisions for control. Trade unions must establish reporting systems for the collection of critical data. Membership figures, accounting information, agreements reached, submission dates for negotiations, agreed wages, salaries and conditions, correspondence received and sent out, and other critical information must be carefully kept.

In terms of trade union membership and finances, trade unions must be extremely vigilant in ensuring that membership dues are collected and properly accounted for both to the satisfaction of internal and external authorities.

A trade union’s financial and dues structures are often causes for concern. Many trade unions find themselves in deficit positions because of inadequate dues structures. Some dues are based on a weekly figure which is raised occasionally by the delegates’ conference. Some are based on a percentage of the employees’ wages/salaries.

Proper budgeting ensures that the trade union has the resources to service its members efficiently. For some unions which have been able to develop surpluses, investment in services which are beneficial to members has proven to be rewarding. Thus while it is good to have cash reserves, it may be an indication that too much is being extracted as dues. In such a situation, the reserves should be invested in the members’ interest.

The more likely alternative in the current scenario is for trade unions to experience deficits as a result of economic instability in the countries of the Caribbean. Trade unions have to be prudent and exhibit cost effectiveness in dealing with their members’ funds.

All of the trade union’s processes, including recruitment, accounting, research and education should be subject to the development of measurable and quantitative targets and standards and results should be measured periodically. Where adjustments to planning are necessary, counselling should be given to achieve the changed standards. The necessary motivation should be provided depending on the performance of departments and staff involved.

It is important that the trade union’s full-time staff are always conscious that it is their responsibility to represent the interest of workers and there should be no conflict between these realities.

**The representative system**

While the administrative system provides effective governance, the representative system seeks to ensure that the policies and decisions of the union are acceptable to the general membership.

It is important to recognize that ultimate power in the trade union rests with the membership. A participative
membership and an efficient administrative system leads to a highly effective trade union.

The trade union membership should be able to exert pressure on the executive and administration to ensure compliance with their needs.

3.4 The Branch or Division

The union branch or division plays a fundamental role in this respect as members, at that level, are able to communicate their individual views directly to the union executive.

Active branches or divisions are vital to trade union democracy and effectiveness. Concern has been expressed about the vitality of branches and divisions. There is a view that there is often inaction, with few members willing to take an active part and come to meetings, unless wages' negotiations or industrial action is being contemplated.

There are many members who are organized but not fully unionized. Organized members can be card-holders who participate to a minimum in trade union activities. The unionized are those who embrace the union fully and are active in union programmes.

The trade union stalwart is the epitome of the representative function. The stalwart is committed, dependable and ideologically in tune with the movement combining personal aspirations with trade unionism.

On the other hand, trade unions also attract those who, although members, can be highly critical of the union executive, and can become unpopular with the executive while counting on the popularity of the rank and file.

The key to active branch and divisional activity, the conversion of the organized into stalwarts and the moulding of the critical into active support depend largely on two important processes:

1. education and
2. communication.

Education/Training/ Research/ Communication

Education and training should be used by trade unions for a number of reasons, among which are:

1. the modification of attitudes and behaviours through learning experiences to build loyalty and commitment to the organization;
2. to provide particular cohorts such as staff, organizers and researchers with the relevant skills to function effectively and efficiently;
3. to create an aware, alert and active membership;
4. to provide members with a broad knowledge of labour-management issues;
5. to provide training and re-training opportunities for members.

3.5 Broad Membership Education and Training

Building trade union solidarity and membership loyalty is fundamentally linked to the provision of trade union education and training. Whatever the size of the trade union, part of its resources should be allocated towards the provision of education and training for its rank and file membership. This provision should be implemented at the recruitment stage when members first join the union. At this stage, it is important to run orientation programmes for members, especially where groups are organized from workplaces that were not previously known to support trade union values.

Orientation programmes should be devised to educate members on the following:

- history and philosophy of the labour movement;
- the purpose and structure of trade unions;
- their rights, duties and responsibilities in the workplace;
- their union constitution and the duties and obligations of membership;
- basic safety and health;
- safety nets;
• some details about the labour legislation of the country;
• collective bargaining and the role of the shop steward; and
• grievance handling.

The main objective of this early education is to introduce members to the uniqueness of the trade union as an organization. The reality is that most workers know little about the trade union, as the formal education system does not provide coverage in the normal curriculum. Some students may be exposed to partial information from History and Social Studies, from Principles of Business or Economics, or from Politics. However, in each instance, little emphasis is placed on micro information about the trade union, and each academic discipline focuses on a different aspect of the trade union.

Trade unions are becoming sensitive of the fact that, in many instances, trade unions are portrayed in academic studies as dysfunctional organizations which create problems in the economy and society. In many instances, teachers and instructors do not portray the organization in a sympathetic light. The role of early membership training is to create a clear appreciation of the trade union as a workers’ organization which, while recognizing the needs of employers and the state, has a primary commitment to the workers, with a concentration on the membership of the trade union.

This early membership training should be used to motivate members to commit to other more specialized and structured education and training which should be offered in a systematic and programmed way.

Trade union education for membership should be viewed as a special form of adult education and trade unions should ensure that such education is available to its broad membership. Modules should be developed on a wide array of areas such as human rights and trade union rights, the role of the International Labour Organization, the International trade secretariats and their functions, gender, citizenship and governance, basic economics, preparation for retirement, the environment, chronic and life threatening diseases, personal financial planning, and several others. Planning for membership education and training should flow from occasional training and education needs surveys among the membership.

Training and education should be graded at various levels, usually classified as basic, intermediate and advanced. Since it is agreed that such education and training is going to be lifelong, workers should be able to observe some progression in the level of training to which they are exposed.

It is important that attention is paid to the constant evaluation of such programmes to ensure that the material which is presented has continuing relevance and validity.

Most trade union's education and labour programmes tend to de-emphasize academics and certificates of participation and attendance are provided by the union’s executives.

### 3.6 Cadre/Cohort Training and Education

In addition to broad rank and file training, trade unions have to build the capacity of special cadres/cohorts within the organization, in particular staff, shop stewards, executive members and committees, as these provide the main leadership pillars in the organization.

#### Staff Training

Full-time trade union staff are usually skilled and trained persons. Educators, researchers, negotiators, accounting and financial staff are expected to be qualified in their areas of expertise, as well as office staff who function as secretaries, computer operatives, cashiers, clerks and receptionists.

Whatever the level of training, staff should be constantly exposed to continuous learning so that the organization typifies a learning rather than a knowing organization.

Opportunities for cross-training and multi-skilling staff can lead to improved performance and can bring multiple benefits to the membership.

Full-time staff benefit not only from exposure to formal academic programmes but should be encouraged to participate in high level meetings, conferences, study tours, task forces and other learning opportunities, especially when they are held away from the workplace, and also in countries other than those where the staff live. Staff exchanges are also valuable learning experiences.

While it would be reasonable to request that trade union staff should be conscious of their own personal and professional development, and should plan their own training and education programmes, it is expected that trade unions will provide facilitatory leave arrangements to assist staff.
There are several instances of trade union staff migrating to take up business and career positions after they have been able to benefit from extensive patronage by the trade union to facilitate and enhance their personal development. This should not be a deterrent to the provision of higher education for trade union staff as it is clear that the state and the private sector have a clear advantage in providing education at the highest levels for their leadership, the counterparts of those in the trade union movement.

Previously, Caribbean trade unionists were given scholarships by trade unions operating from Europe and America, among others, which helped to deepen the exposure and qualifications of Caribbean trade union leaders. Such scholarships have now generally disappeared. The growth of the University of the West Indies created the opportunity for trade unions to negotiate such scholarships from that institution, replacing those formerly given by overseas bodies. In recent times, there have been projects developed to facilitate building the capacity of trade union staff to cope with the challenges of globalization.

**Shop Stewards**

Shop stewards are fundamental to the democratic functioning of trade unions. However, as they achieve their status through the democratic process of elections, their body is subject to change and renewal on a relatively frequent basis, in organizations which are vibrant and dynamic. Indeed, in a situation where a group of shop stewards retain almost oligarchic control of a branch or division, this may appear as either a sign of competence and effective leadership or, conversely, or complacency and inaction.

The training of shop stewards is invaluable for the progress of the trade union as an organization, as many of the roles and functions of the institution are performed through these officials, in conjunction with the executive and staff.

Shop stewards should be expected to perform vital roles as recruiters, negotiators, grievance handlers, and administrators at the branch and divisional levels of trade unions.

Shop stewards should be perceived as a potent area for recruitment to union staff. Their skills should be sharpened to the extent that they can replicate much of the work that should be done by staff and can perform all of the work that is required at the branch and divisional level.

**Committees**

Trade unions should develop several committees to help in the democratization of the union and for advancing the cause of the worker. These committees may be based on various focal areas eg youth, gender, retirees, political action, organizing and education, among others. In addition, other standing technical committees may be established, eg. consumers, price monitoring, investments, property management and financial, to mention a few.

It is essential that these committees be provided with the requisite training and education to function effectively. Training courses for these groups may embrace:

- concentrated knowledge required for the specific area;
- team work and group experiences to generate ideas and develop attitudes required for the tasks; and
- opportunities to develop new appropriate skills and to practise those already acquired.

**Delivery Systems**

Most Caribbean trade unions have developed basic education and training programmes provided at union offices, occasionally at workplaces, and sometimes at locations away from either the trade union or the workplace. Methodologies include traditional chalk and talk as well as group work, simulations, role-playing and other participatory strategies.

At the highest level, a number of labour colleges and other worker training institutions exist in the Caribbean. These vary in their objectives and modes of delivery. The Barbados Workers’ Union Labour College, and the SIVIS of Suriname are prototype labour colleges based on membership training, as is the Jamaica Joint Trade Union Education Research and Development Centre. The Crichlow Labour College of Guyana, and the Cipriani College of Labour and Co-operative Studies of Trinidad and Tobago are more broad-based with focal points that include academic and professional training with biases towards preparation for employment in the workplace.

In some countries, the state provides adequate training for technical, vocational and academic training at all levels. Trade unions may not consider it necessary to spend their funds in areas of duplication with the state.
However, where a vacuum exists, trade unions should seize the opportunity and continue to make an important contribution to the national educational and training grid.

Recently, emphasis is being placed on harmonizing the role of these labour institutions.

Much consideration is also being given to the adoption of technology to provide distance education to reach a much wider spectrum of trade union membership. In addition to the use of printed modules, consideration is being given to the use of audio cassettes, video cassettes, computer-based learning, audio-conferencing, video conferencing and computer conferencing to reach broader numbers.

The trade union membership in the Caribbean is very enthusiastic about education and training in the information and communication technologies, particularly in the use of the computer, Internet and related technologies. Cooperative agencies such as the Commonwealth Trade Union Council has ensured computer training for most trade union office staff, and also introduced several members to basic trade union training.

The Caribbean trade union movement must continue to stress the importance of education and training and the following focal areas must be paramount in their consideration:

- capacity-building for staff and leadership cadres/cohorts;
- harmonizing the delivery of training in the region;
- coordinating work on certification and accreditation of labour education;
- provide for continuous training and retraining of members;
- focus on values education-building on the culture of the trade union as an institution which places emphasis on issues such as equity, freedom and justice; and
- supporting the role of the International Labour Organization and the international labour movement in their call for emphasizing Fundamental Principles and Rights of Work, Decent Work, Employment for all and building workplaces on “high road approach” policies and social dialogue.

3.7 Research

Trade union research is a vital area of the organization. Traditional research activities can be greatly enhanced by the use of the computer and the Internet. The major functions of research departments should include:

1. Collecting, storing, retrieving, collating, and providing information on trade union activities such as collective agreements, membership, wages and conditions of employment.
2. Conducting, analysing, interpreting and assessing surveys and their results on a variety of issues, including the attitudes of members and other groups towards the trade union.
3. Responding to external requests for information about the trade union, including completing questionnaires and other analytical tools.
4. Preparing macro economic analyses to provide guidance to other leaders in the union.
5. Preparing position papers for the trade union leadership for negotiation and other purposes
6. Preparing reports on aspects of trade union activity for consumption by the membership.
7. Using the Internet and other sources to collect information on areas of interest to workers.
8. Interpreting cost of living information and other specific labour market information.
9. Acting as internal audit for union processes such as timely submission of bargaining proposals.
10. Assisting in the preparing of collective agreements.
11. Assisting in the trade union’s education programme.
12. Helping to write monographs and other information aides.

The rapidity with which information is being generated is a major challenge for trade union leaders. Most of them require research assistance, not only to provide the most recent and relevant information, but also to ensure that it is packaged for the use of the leader.

3.8 Communications

Communications is an important function in ensuring that any organization works effectively. Trade unions need to ensure that there is constant communication between the centre and the periphery of the union organization, so that its members are kept abreast of its programmes and policies. It also has to ensure that it reaches out to a wider constituency which includes non-members; indeed, to the wider public which constitutes a pool of potential members.

Regular, organized staff meetings, retreats, planning sessions are important for central communication. Information-sharing, freedom of discussion, frankness and openness should characterize such sessions, which should be perceived as opportunities for the organization to grow. Trade unions utilize press
statements, press conferences, advertisements, bulletins, magazines, radio and television programmes to get
the union's message across to the public.

The newspaper in most Caribbean countries tend to be biased towards business. In many instances, radio
and television stations are owned by the government, or by the few businessmen who are sufficiently
friendly to government to receive licences to operate.

Trade unionists should invest in full-time public relations officers who have the expertise to develop
professional relationships with the media.

Those trade unions who make such an investment are able to receive significant dividends in the form of a
positive image especially at times when they are engaged in highly visible and audible situations.

In some countries, there is a claim that members are not participating sufficiently in branch and divisional
activities. This may be caused by a variety of factors:

1. The check off-system and agency shop positions create a situation where members do not have to
   visit the union to pay their dues.
2. There is a growing apathy to meetings as people become more accustomed to watching television
   and sitting before computers.
3. Branch and divisional meetings are not always sufficiently advertised.
4. The agenda of the meeting does not excite interest.
5. The timing of the meeting clashes with other activities.

General meetings are probably the most important means of communication with the membership and
provide important opportunities for staff members and shop stewards to contact the rank and file.

The meetings which are most successful relate to the collective bargaining exercise, and those for the
election of officers. These should be carefully planned and executed.

The use of the computer has to be factored into communication as more workers go on-line. Several trade
unions now have web sites and provide information for members. The management of web sites and the
responsibility for sending and receiving e-mail are now important functions in some trade unions.

Trade union information systems are very important in the union communications network. With the
increasing need for networking among unions in the Caribbean and globally, communication will increase in
importance in the trade union organization.

Exercise

1. Draw an organizational chart for your trade union.
2. Describe a trade union with which you are familiar in relation to how it performs the following
   functions: planning, organizing, staffing, directing and controlling its processes.
3. How should trade union leaders differ from the management of business institutions?
4. Should trade union development reflect the purposes for which trade unions exist.
5. Should trade union staff be multi-skilled?
6. How important are education, research and communication to the trade union?
7. What factors can lead to tensions between the trade union centre and the periphery. How can these
tensions best be resolved?
Section: Module 4 - Types of Trade Union Structures

Objective

• To examine how trade unions have been developed to promote the process of recruiting, organizing and representing employees covering diverse industries and occupations in the Caribbean.

The term structure refers to the different types of union based on their recruitment patterns and the work areas from which membership is drawn.

When the Moyne Commission visited the Caribbean in the aftermath of the disturbances of the 1930's, Sir Walter Citrine and Morgan Jones, two members of the Commission, and a senior member of the British Trade Union Congress, advised the trade union leaders that they should encourage the development of a general or umbrella type trade union in order to:

1. concentrate the solidarity of workers;
2. reduce chances for union rivalry; and
3. counter the development of a non-democratic organization.

4.1 Types of Structures

In the early 20th century when trade unions were being established, the major models available were:

1. the craft union, which was either based on a single craft or on multiple crafts, or one that was spread across an entire industry relating to similar crafts. It became known as an industrial union in a horizontal arrangement;
2. the industrial union, which was vertically structured in a single industry and existed across a geographical area; and
3. the white collar union which existed mainly for public sector workers, many of which started as associations.

The majority of unions in the Caribbean followed the Citrine and Jones' advice and formed general unions, without occupational or industrial boundaries.

Others formed federations through which trade unions could co-operate and co-ordinate their activities.

In some instances, enterprise unions have started as associations and have broadened from membership at a particular workplace.

4.2 Caribbean examples

Examples of various union structures in the Caribbean are given below:

Craft

• Bahamas Commonwealth Electrical Workers' Union
• Bahamas Guild of Artists
• Grenada Seamen and Waterfront Workers' Trade Union

Industrial

• Aruba Hotel Workers' Union
• Independent Oil Workers' Union of Aruba
• Bahamas United Brotherhood of Longshoremen's Association
• Bahamas Hotel, Catering and Allied Workers' Union
• Guyana, Mining, Metal and General Workers' Union
• All Trinidad Sugar and General Workers' Union
• Steel Workers Union of Trinidad and Tobago
• Oilfield Workers' Trade Union of Trinidad and Tobago

White Collar
• Antigua and Barbuda Union of Teachers
• The Public Workers Union of Aruba
• Bahamas Professional Pilots Union
• Union of Tertiary Educators of the Bahamas
• Barbados Union of Teachers
• Barbados Registered Nurses Association
• Belize National Teachers Union
• Bermuda Public Services Union
• Grenada Union of Teachers
• Guyana Teachers Union
• Jamaica Civil Service Association

General

• Antigua Trades and Labour Union
• Antigua Workers’ Union
• Barbados Workers’ Union
• Bermuda Industrial Union
• Grenada Technical and Allied Workers’ Union
• Guyana General Workers’ Union
• Guyana Agricultural and General Workers’ Union
• Bustamante Industrial Trade Union
• St Kitts-Nevis Trades and Labour Union
• National Union of Government & Federated Workers of Trinidad and Tobago

Federation

• General Trade Union Confederation of Aruba
• Curacao Federation of Workers
• Windward Islands Federation of Labour
• Progressive Trade Union Federation (C-47) of Suriname
• “De Moederband” of Suriname

Enterprise

• LIAT Workers’ Union of St Vincent
• Bank Employees Union of Trinidad and Tobago

Craft Unions
The tendency towards the formation of craft unions has been strongest in countries such as the Bahamas and Trinidad and Tobago where skilled and trained workers were willing to develop unions on behalf of themselves. Few craft unions have remained completely for a single craft and tend to become more multi-craft in a battle for economic survival and relevance, as the different craft areas have encountered difficulties in modernizing periods.

Industrial Unions
Like craft unions, industrial unions also depend on changes in the economy. Some industrial unions in areas such as sugar and oil and dockwork has suffered significantly as a result of technological changes.

White Collar
White collar unions are some of the most vibrant and successful in the Caribbean. Many of them are public sector unions, and except in periods of structural adjustment, benefit from financial security as their members are generally able to pay union dues which are deducted from a central source.

There are still many white collar workers in several areas of the Caribbean, especially in supervisory and management positions, who are yet to be organized into trade unions.
General
General or blanket unions which emerged from the early post-Second World War period continue to dominate the trade union scene in the Caribbean. Several unions which started out as craft or industrial unions later expanded to include other types of members and have thus evolved to become general unions.

Federations
Federal types of unions are most prominent in the Dutch areas of the Caribbean.

Enterprise
Enterprise unions are a distinct minority and very few of them exist in the Caribbean.

Rivalry
The existence of several general unions in various territories has led to union rivalry and struggles for territory in some countries. However, this has not been a divisive issue in the Caribbean in recent times.

The reality is that whatever the structure of the trade union, bargaining at the enterprise level is overwhelmingly the predominant pattern of the region. In some instances, such as in the hotel sector, sugar, and the public sector, trade unions attempt industrial agreements which cover the entire sector. Jamaica has long negotiated enterprise agreements, where different unions negotiate agreements with multiple employers in the same area.

Trade Union Centres
Among the Trade Union Centres which exist are the Ravausk of Suriname, the CTUSAB of Barbados, the NATUC of Trinidad and Tobago, the JCTU of Jamaica and the TUC’s in Grenada, Guyana and the Bahamas. These are usually secondary, policy-making bodies.

Corporatism
In recent times, there has been a steady movement to establish trade union centres in the various countries.

This act of centralization is leading to the formation of social partnerships and corporate approaches to industrial relations, where social compacts and protocols are establishing macro-frameworks for dealing with industrial and some non-industrial issues.

4.3 Caribbean Congress of Labour
Since its formation in 1960, the Caribbean Congress of Labour (CCL) which has antecedents from 1926, has been the major regional labour organization in the Caribbean. Its main objectives have been:
1. to encourage the formation of national groupings and/or centres of trade unions;
2. the defence of trade unions against infiltration and subjugation by totalitarian forces;
3. to build and strengthen ties between Free Trade Unions of the Caribbean and those of the rest of the hemisphere and the world; and
4. to maintain and develop a regional clearing house of information and research on the problems of trade union organizations.

In the fulfilment of these four major aims, the Caribbean Congress of Labour has generally been successful. The formation of national trade union centres has proven elusive in areas such as Saint Lucia, Antigua, Dominica and Bermuda; in areas such as Trinidad and Tobago and the Bahamas, more than one national centre operated at some time, with difficulty in bringing the centres together. In Guyana, there has been some splintering from the centre.

Some of the issues which have contributed to the difficulty of forming the national centres include:
1. political differences between the unions;
2. ideological differences; and
3. personality conflicts between leaders.

The position of the Caribbean Congress of Labour has shifted and in recent times the Congress has been trying to establish a relationship with Cuba, based on pragmatic rather than ideological consideration. The
CCL continues to subscribe to the policies of the International Confederation of Free Trade Unions (ICFTU), of which it is an affiliate, and to the policies of democracy.

Through its connections with the ICFTU, ORIT and through its links with other trade union institutions like the AFL-CIO and the Canadian Labour Congress, the CCL continues to create links with the world's free labour movement.

The Caribbean Congress of Labour has played a predominant role in training Caribbean labour leaders in education and research and in building capacity.

The financial difficulties of the organization, based on weak support from its affiliates has been a problem. It has played a great role in using its connections with the International Labour Organization (ILO) and with funding agencies to continue its outreach programmes to members.

**Exercise**

1. Do you think that Caribbean trade unions are likely to merge into larger entities in the future?
2. What advantages could larger general unions have over craft and industrial unions?
3. What sources of financing could assist the Caribbean Congress of Labour to meet the needs of its members?
4. What challenges are there for mergers of Caribbean trade unions?
Organizing workers

Objective

- To discuss strategies, tactics and issues impacting on organizing activities.

5.1 What is meant by organizing

Organizing is a process by which trade unions canvas, recruit, consolidate, seek recognition for, formalize into a unionized group, negotiate for, and manage as a bargaining unit.

Organizing is a core trade union activity. Without vibrant consistent organizing, a trade union is unlikely to grow, become economically sound and offer its membership good quality services.

Trade union finances are dependent on organizing. From membership entry fees, trade union dues, and other income from members, trade unions employ staff, build offices, provide transport and function as business entities.

The trade union organizer is a key person in the institution. His role is that of ensuring that the trade union is constantly renewing itself. He should be a multi-faceted person. He is partly a marketing specialist, partly a salesman, an administrator, a negociator, an educator and a motivator.

Through public relations and marketing, the trade union makes the public aware of its services and activities. The use of the media can be important in bringing an awareness of the role of trade unions.

Trade unions have to be skillful in ensuring that a positive, rather than a negative side of the union is portrayed. Sometimes the negative side suggests that unions are harmful to businesses; that they are supporters of violent action; that they are only for a certain class of workers; that they are no longer relevant to the needs of workers; that all they care about is money; that with good government and caring employers, there is no need to have unions.

These views of the trade union movement are propagandized both overtly and subtly by those who are against the trade union.

Anti-trade union employers propagandize their workers against ‘third-party’ interventions in the workplace. Trade unions are portrayed as ‘the outsider’, an unnecessary intruder into the life of the business unit. The trade unions need to counter this type of propaganda at the national or macro level.

Trade unions need to develop their own information dissemination. It is important that trade unions establish their role as important institutions in the labour market, helping to regulate wages and salaries. They should be seen as part of the national interest representing the broad masses of the people.

While the trade union’s monopoly voice is important, it has to be treated very carefully. There is no doubt that trade union militancy is part of its main attraction to workers. Well-organized and successful strike actions play a major role in getting new members into the movement. Strikes are highly publicized, so that they bring the public’s attention to trade unions. Gains from strike action also help to demonstrate what trade unions can do on behalf of workers.

On the other hand, if strikes go wrong, they can leave a negative impact on the public’s mind.

The other voice of the union, rather than the “monopoly” voice should be important. Trade unions should publicize the “beneficial” voice. This includes concern about the health and safety of the nation; a position against discrimination of any kind whatsoever; a concern for educating the masses about matters that affect their well-being; resolving conflict of all kinds in the nation; and supporting nationalism and unity in their various forms.

5.2 Selling the ‘services’ of the union

The organizer must be aware of the ‘services’ he is selling to his client or potential member. What are the benefits to be gained from joining the trade union?
Traditional services include:

1. representation
2. bargaining for improved remuneration and terms of conditions
3. grievance handling
4. employment protection.

Members are now demanding additional services such as:

1. health care schemes
2. pension plans
3. discount schemes
4. savings, investment, and loan schemes
5. access to housing
6. travel and recreational services
7. educational opportunities
8. legal services.

The wider the services that are offered, the broader will be the appeal to potential members.

Once the trade union has developed the services, the organizer's role of selling them to potential members is better accommodated. Organizers should be very familiar with the services offered by the trade union and be able to explain them persuasively and efficiently to prospective members.

5.3 Locating prospective union members

Organizers should be cognizant of where prospective members are to be found - by occupation and by geographic location. They ought to keep a constant watch on the country's economic development. A growing economy is one in which trade union organization will be boosted. The sectors showing growth are those which will provide greater organizing opportunities.

It is often more rewarding to target large and medium-sized economic units, rather than several small ones. Trade unions should conduct thorough research on the targets they have set for themselves. They must know as much as possible about ownership, organization structure, history, linkages, employment, terms and conditions of workers, former relations with trade unions and financial status of the organization.

Organizers sometimes have to ‘farm’ targets. They sometimes have to realize that initial approaches will not meet with immediate success. They therefore have to develop gradual processes to achieve their target. Meetings in the vicinity of targeted workplaces, passing out trade union pamphlets and brochures, meeting workers at lunch breaks and after work, are all part of the ‘farming’ type activity.

Where the target exists in an area that has some other companies that have been organized, the organizer can strategize to get assistance in the organizing drive from the workers in the companies that are already organized.

Once a number of potential members show an interest in the union, the organizing drive begins to take shape.

The organizer who is allocated to the drive takes responsibility for the team which will complete the process. The organizer will be assisted by an accounts officer to handle dues collection and related matters and an educator to help with socialization.

5.4 Determining the bargaining unit

The organizer has to determine the bargaining unit to be targeted. A bargaining unit is a critical issue in the organizing process. Many drives have failed because the organizer failed to determine the appropriate bargaining unit.

Workplaces usually have ‘clusters’ of jobs which are similar in relation to:

1. wages/salaries
2. method of payment
3. terms and conditions
4. progression
5. location
6. organization and management and
7. job descriptions/position descriptions.

Such clusters may have ‘functional’ relationships.

Other workplaces may be based on ‘hierarchical’ structures; for instance, management, supervisory and clerical, and line staff.

In requesting representation for a bargaining unit, the organizer must be extremely careful about a number of factors:

1. he must have a clear majority in all of the areas which represent the cluster;
2. the bargaining unit must be set out clearly in the letter, naming the job functions; and
3. the accounting of dues collected and cards must be done professionally.

In some cases, surveys or polls may be used to determine the union claim.

Employers may use destabilizing strategies to dampen the union’s claim:

1. delaying tactics of various types;
2. termination of employment of known trade union activists;
3. threatening to close down; and
4. increasing the wages/salaries and improving terms and conditions.

This is a time for resolute action by trade unions. In some instances, there is provision in the law for recognition procedures. In others, custom and practice guide.

5.5 Negotiating a new collective agreement

Provided recognition is gained, the organizer’s task of submitting a body of proposals for negotiating a first contract and establishing the machinery for managing the group, become important factors.

A first negotiation is completely different from a regular salary review. It is about establishing a base agreement.

Trade unions should use market surveys to help determine the standard to be set for the new group and try to get a new agreement that is beneficial to the workers.

Establishing a management committee for the new group and training it to understand the legal, economic, psychological and other issues involved in collective bargaining and grievance handling are serious challenges for the trade union.

The extent to which the delegates or shop stewards are able to establish a working relationship with management depends to a large extent on the initial training they receive.

With the process of negotiating a new collective agreement, as with organizing, comes the need for frequent meetings, some informal and some formal.

Formal meetings, whether of a small group or a large group, must be well prepared. The provision of proper facilities for meetings is important as well as properly prepared agendas.

The success of a meeting to a large extent, depends on leadership and chairmanship. These must not be underestimated. Organizers must be skilled public speakers, adept leaders and must be able to manage meetings effectively.

There are different styles of leadership and of chairmanship. However, there are some fundamental aspects of both that should be considered.

5.6 Organizing Issues

The trade union is an organization in the labour market. Other organizations in the labour market are educational institutions, family planning associations, hospitals, ministries of labour, employment exchanges and agencies, business firms, human resource associations and courts.

The major processes in the labour market include training, recruitment, orientation, grievance handling, collective bargaining, education, advocacy, representation, promoting, transferring, unionizing, separating, conciliating and arbitration.

Some of the major outputs of the labour market are compensation packages, conditions of employment, rules and regulations, databases, activities, programmes and associations.
The values that drive the trade union as an organization include: justice, equity, non-discrimination, freedom, self-reliance, comradeship and progress.

Trade union culture has been associated with the folk or the common people, struggle and adversarial relations, militance, suspicion, doubt and mistrust, bossism, socialism, group behaviour, bible thumping religiosity, resistance to change, anti-academic approaches, ‘closed’ rather than ‘open’ approaches to relationships except with narrowly defined areas.

People form the basis of organizations. This is especially true for a membership organization. In the case of the trade union, workers are a special category of people forming the basis of the union. Workers can be seen as members or potential members. One can perceive of past, current and future workers as part of the planning process.

Trade unions do not discriminate among workers in sociological, political or social terms. All those who sell their labour, mental or manual, or both, are the basis of trade union activity.

The trade union recognizes, however, the tremendous diversity of the labour force, its segmentation according to a variety of criteria including type of employment, age, sex, gender, location, type of business, local or export orientation, industrial vs financial, domestic or transnational ownership, modern or traditional.

Trade unions are wary of the impact of macro-economic factors on the labour market. Inflation, employment levels, national debt, fiscal policy, levels of foreign reserves, trade arrangements and agreements can impact on the trade union.

The functioning of the trade union in a given labour market is impacted by the structure, shape and size of the union. The size of the trade union, inclusive of its paid professional staff and its membership, will impact on its ability to provide quality goods and services. The staff should be able to cover a span and range of roles and functions on behalf of the members. The membership should also provide human resources to complement the staff.

Organizing and organization are the areas which have responsibility for ‘growing’ the union, maintaining contact between the centre and the periphery, providing many of the outreach services to members, and generally, interfacing with the widest cross-section of the public.

5.7 Why people join unions?

Recent research indicates that workers join unions for a number of reasons -some selfish and personal, some practical and pragmatic, and somephilosophical and idealistic.

Sometimes large groups become available for organization because of dramatic or traumatic changes at the workplace. These may include fear of closing, technological change, workplace restructuring, problems relating to safety and health, poor pay and working conditions, or the feeling of not being able to exercise or enjoy basic rights at the workplace. Sometimes workers may be responding to perceived threats in the environment.

In such cases, where the drive to organization comes from the workplace, the organizer must have sufficient skills and experience to convert the drive from its narrow focus into a more complete organization. The initial problem must be dealt with swiftly and satisfactorily.

Establishing contact with ‘leaders’; diagnosing the problem; recruitment; establishing a local structure; training the leaders, ensuring an absolute majority; gaining recognition; and negotiating the first contract - must all be handled professionally. Depending on the reason for the drive, the union may have a division that is long-lasting and rewarding.

The Barbados Workers’ Union has had several drives initiated by workers. Examples are: Barclays Bank (fear of technological changes and workplace restructuring), Manulife Data Services (repetitive strain injury); N DL (fear of imminent close down); Modutec (dictatorial management and poor wages and working conditions), to mention a few.

Yet it should be recognized that for the disaffected workers to join the union, a number of pre-conditions were necessary:

1. they should be aware of the union, its role and functions; and
2. they should be confident of the ability of the Union to address their needs and concerns.

The group expression of the will to drive the union can be seen as an aggregate will of the individual
The 'needs' theory

The 'needs' theory can be used to focus on why many individuals join the union. Industrial psychologists refer to 'basic' needs, and to higher order or secondary needs.

For many workers, the workplace is the area which provides for the satisfaction of basic needs.

Money - a wage or salary - is the nexus between the employer and the employee in the workplace. The employer offers 'work', the employee contracts his/her services, skill and effort - and money is paid in consideration.

This contract of employment embraces certain duties and responsibilities which, once maintained, will keep the relationship whole. Breach on either side, if sufficiently grave, can lead to a fracture of the relationship and a parting.

For the employer, constant productive services from employees can lead to greater value added to the organization, the accumulation of wealth and financial stability. The added value in the form of profits or surplus can be used for further investment in the form of expansion of the firm, making new other investments; rewarding stakeholders; and performing civic corporate functions.

For the worker, his wage or salary is an expense to the company. Sometimes workers are able to share in the added value through performance-related or profit sharing schemes.

For the worker, his wage or salary is income to meet basic needs which are predominantly:

1. Food and nutrition
2. Clothing
3. Home and shelter/utilities
4. Transportation
5. Medicine and welfare
6. Education
7. Recreation
8. Protection
9. Sexual and reproductive activities
10. Security

So that if the question is asked "Why do people work?", the fundamental answer, except perhaps for the very few, would be simple: "To satisfy their basic needs".

Money - the almighty dollar, becomes a powerful symbol for survival. In our sophisticated modern world, it is almost impossible to survive without access to some form of money.

Today, cash, bills, credit cards, vouchers and other tools are available to most people. The worker's personality might also extend to assets such as jewelry, equipment, shares, stocks, bonds.

Others have personality in the form of cars, buses, taxis and other vehicles. Some have realty in the form of land, houses and apartments.

Workers distinguish between their 'needs' and their 'wants'. They establish their 'comfort zones' and decide on the type of capacity-building that is necessary for them to achieve their objectives.

It is largely through compensation received for services rendered that workers are able to provide for their needs, meet their commitments and provide for the accumulation of personality and realty.

Other needs

All workers do not join trade unions to satisfy their basic needs. Others have higher order needs to be satisfied:

1. Recognition
2. Self-Actualization
3. Self-esteem
4. Peer Respect.

What programmes can trade unions organize, and what services can they offer to help members achieve these needs, and attract potential members who have such needs?
5.8 The law and the organizing process

We have already shown that ILO Conventions No. 87 and No. 98 provide a sound basis for the right to organize workers and bargain collectively.

Whenever governments are party to an ILO Convention, they ought to introduce specific laws which are in harmony with the ILO Conventions. In Jamaica, the Labour Relations and Disputes Act of 1975, and one of its sections specifically states that workers have the right to be organized into trade unions, provided those unions comply with certain procedures which can lead to the taking of a poll - a vote amongst the workers to whom the union is directing its efforts.

In voluntarist systems, there may be no law to determine recognition. The Labour Department may employ a survey process rather than a polling process. It is always necessary to be aware of the law as it relates to organizing.

Union Internal Procedures

The Union should have a form that is used in the recruitment process. The form can be a vital source for the collection of data about members.

Most unions require an entrance fee, as well as weekly or monthly contributions. Some union fees are flat, others are a percentage of the workers' wages/salaries.

Once members join, there should be a close relationship between the organizer and other union departments. The accounts section must ensure the proper keeping of all records. The education department should begin its task of 'unionization' which is a critical function of organizing.

Management

The organizer must recognize that until the poll is completed, or the survey conducted in favour of the union, “all’s fair in love and war”. The company may try a number of “union-busting tactics” to destabilize the union’s efforts. These may include: dismissing local trade union leaders; laying off workers in the bargaining unit; increasing pay and improving the conditions of workers; refusal to respond to union approaches; threatening to leave the island; and all out propaganda war.

Organizers must ensure total discipline throughout the organizing drive. Particularly in the face of management adversarial strategies, the workers must remain fully under the guidance of the trade union organizer.

Trade unions must extend organization into sustainable areas, especially among the growing numbers of knowledge workers. They also have to establish organizing relationships with small business entrepreneurs.

Exercise

1. What qualities should a successful organizer possess?
2. Having gained recognition at a workplace, how can trade unions continue to improve membership recruitment in that bargaining unit?
3. What determines a bargaining unit?
4. List and discuss the strategies you would use in organizing workers in:
   a. Industry
   b. Agriculture
   c. Financial services
   d. Hotels.
5. It is important that the union is acceptable at the national or micro level, if it is to be impactful at the micro level. Does your union have a strong impact at the macro-level? How does it manage its marketing and public relations process?
6. Discuss the different styles of leadership and chairmanship and how they can impact on the group.
Section: Module 6 - Non-traditional Roles

Objectives

- To examine the roles of trade unions in non-traditional activities.
- To recommend strategies for capacity-building for trade union representatives in non-traditional leadership roles.

6.1 Non-traditional roles

Trade unions in the Caribbean have always been at the forefront of expanding the participatory process. It is quite normal for trade union representatives to be invited to become directors of public institutions including social security boards, utility boards, as well as serving on various committees. Additionally, in some countries, such as Grenada, the trade union has a dedicated position in the country's Senate.

These are positions of extreme sensitivity and responsibility. In such positions, trade union leaders have to be mindful of the various areas in which they are required to build their competence and capacity:

1. the law relating to the particular enterprise
2. the law relating to meetings
3. communication and interpersonal relations skills
4. networking skills
5. analytical skills
6. research skills
7. planning skills.

The many areas of concern which may arise in the performance of these functions may relate to matters of:

1. Policy
2. Programming
3. Finance
4. Organizational Design
5. Economics
6. Procedures.

In each situation, the workers’ representative must be conscious that there is a fundamental commitment to the organization and the membership that should guide all decisions. The workers’ representative should therefore be in constant communication with the union leadership, and with the mass of people in the union, especially where critical policy programming, financial and other changes, likely to impact on the workers, are intended.

An example can be taken, for instance, from the representation on such a fundamental institution as a country’s social security system. In most of our Caribbean countries, our social security systems are undergoing some re-evaluation. The major areas affected are:

1. Pensions
2. Sickness and Injury Benefits
3. Unemployment Insurance.

These are important safety nets and are clearly priority issues for trade unionists.

The sustainability of such schemes and their cost to the society are very important issues. In several countries, they are a source of investment capital that can be very important.

It is to be expected that workers’ representatives on such boards should be provided with the necessary training to deal with the complex actuarial, investment, legal and other issues.

Caribbean trade unions should develop standard, certificated training modules for those who intend to serve in such capacities.

6.2 Trade Union/Worker-owned Enterprises

Trade unions and/or worker-owned enterprises are growing in the Caribbean and include petrol stations, garages, cooperatives, health services, messenger and janitorial services, distributive services, industrial relations advisory services, postal services, crafts, among others.

The development of these institutions pose significant issues from a trade union/industrial relations perspective.
One of the first considerations is that the highest standard of performance must be encouraged. If such organizations succeed, they will be examples of excellent public relations and marketing tools for trade unions. However, if they fail, the negative impact may be disproportionately emphasized.

They also pose a serious challenge in that where the workers perform in capacities as employees/shareholders/and union members, they have to be trained to operate efficiently and responsibly in each function, and minimize the conflicts which can arise.

The salaries and terms and conditions in such organizations should be clearly established within the market value. Any attempt to make them too high to set a false market leadership role can lead to distortions and economic failure. Any attempt at setting rates and conditions below the market value can lead to claims of exploitation.

Trade unions would find it extremely embarrassing if workers in their organizations have recourse to frequent industrial action or to a high rate of labour turnover. This means that the management style should cater seriously to problem-solving and conflict resolution strategies.

Managers and supervisors in these workplaces should have training in human resource management, record keeping, accounting, communications, marketing, business finances and in conducting meetings.

They also have to develop contacts with various government and private sector agencies, particularly the government regulatory agencies. Assistance should be sought from professionals when this is necessary.

Such businesses should have well considered public relations policies to present themselves well to the public.

Another area of concern is a tendency to appoint staff based on subjective criteria. In the recruitment of staff, care must be taken to ensure that there is a match between skill sets and the tasks to be done, and that the proper attitudinal qualities are met.

Trade unions should be encouraged in expanding their roles in these areas. They provide opportunities for learning experiences for trade union officers and members. They get the chance to see business ‘from the other side’, and can sharpen their approach to integrative rather than distributive bargaining approaches.

**Exercise**

1. Develop a report on non-traditional activities in which your union is involved.
2. Prepare a project recommendation for a trade union or worker-owned business you would like to see developed.

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CONTENTS

Introduction

Caribbean industrial relations are being impacted by the swift pace of global changes. There is little sympathy for small, poor, vulnerable island states, as there is a growing perception that the shift to the importance of human capital and technology has helped to remove the difficulties associated with small size. There is an awareness embraced by a few that the small Caribbean countries need not fear for survival in a globalized economy, and that if they restructure and reposition themselves as required, they may well experience unprecedented success in a globalized environment.

For the Caribbean to grow and prosper much emphasis will have to be placed on competitiveness at the level of the individual enterprise. It is a truism that firms compete, and not countries. The state is being required to lead in the establishment of the infrastructure, superstructure and regulatory arrangements necessary for success. At the level of the firm, workers, their representatives and managers need to change the type and quality of their interaction.

The Caribbean people have a unique history. Their institutions have been adapted from the metropolitan countries responsible for their settlement. Current industrial relations are still impacted by vestiges of early relationships. Trade unionists are still likely to see themselves carrying the mantle of slave rebels of an earlier time, and for some managers their roles still reek of the master-servant relationship that once existed.

Caribbean industrial relations can still be considered as characterized by conflict rather than cooperation, as creating contracts rather than compacts, as outcomes. Words such as productivity and competitiveness, workplace restructuring and re-engineering are still seen as plans and stratagems to put trade unions and their members at a disadvantage.

Caribbean trade unionists have generally risen to leadership through their unquestioned commitment to the ranks from among whom they evolved. They have been persons of high moral standards, and of unimpeachable integrity. Their school of industrial relations has been the field of action.

Most of the writings on industrial relations available to trade union practitioners in the Caribbean are from metropolitan sources. Fortunately, some Caribbean writers have in recent times produced academic papers on issues of relevance to Caribbean trade unionists.

Few practising Caribbean trade unionists have had the opportunity to write on issues such as collective bargaining for the attention of their colleagues in the movement.

At this time when change is very important, there is need for reflection on the principles and practices we have come to accept as guiding our behaviours as industrial relations practitioners.

This manual, in modular form, is targeted at trade union leaders and at the rank and file of trade union members. It is aimed at building competencies which are fundamental for success in the practice of industrial relations. The main competencies focused on are: negotiating competencies; conflict resolution competencies; productivity bargaining competencies and organizing competencies.

The modular form is based on the constructionist theory of learning, which shifts the responsibility of learning to the learner. Each module can form the basis of a one (1) hour presentation, but should be able to stimulate deep research and analysis on issues raised in the subject matter.

Special thanks must be given to Mr Willi Momm, Director of the ILO Caribbean Office and Mr Evelyn Greaves, Senior Specialist Workers’ Activities of the ILO for their assistance in developing the module. Mr LeRoy Trotman, General Secretary of the Barbados Workers’ Union has been sympathetic and helpful in encouraging the work. Many students across the Caribbean have been helpful in responding to the early material that formed the basis of the model. Ms Coreen Gibson helped to type much of the material. Thanks are due to my immediate family for their consideration and support.

This manual was tested at a Meeting/Workshop for the final Evaluation of the ILO/DANIDA Project for
Section: Module 1 - Understanding Industrial Relations

Objectives

1. To provide readers with a working understanding of industrial relations.

2. To develop analytical competencies by assessing issues in industrial relations.

3. To provide a brief background to industrial relations in the Caribbean.

1.1. Defining Industrial Relations

Industrial relations, sometimes called labour-management relations is an academic discipline, and a professional area of activity. As an academic discipline, industrial relations is taught at several universities and colleges around the world. It is multidisciplinary, drawing from several academic areas such as law, economics, psychology, sociology and organizational theory.

Practitioners of industrial relations can be found among trade union officers, human resource managers, conciliators, mediators, labour department officials and project managers, among others.

The main focus of industrial relations is on people in the workplace, whether such a workplace is a large transnational organization, or a small family firm, whether those employed are on a contract of service or on a contract for service; and whether or not a union is involved at the workplace. Obviously the larger and more complex the organization, the more elaborate issues of industrial relations will arise.

The field of Industrial relations encompasses the relationships between employers and employees, between employees and other employees, between employers and their unions and advisors, between employees and their unions, between workplaces in the labor market, the environment created by historical, political, legal and social forces, cultural norms as well as the products of the industrial relations systems including industrial action, collective agreements, grievance handling and other problem-solving mechanisms. Indeed, industrial relations can exist even where collective agreements do not materialize.

1.2 Historical Background

Current industrial relations practice in the Caribbean has been influenced by the varied historical experiences in the territories. Even though the English-speaking Caribbean islands have experienced similar pre-colonial and post-colonial histories, there are still marked differences in the history and evolution of industrial relations practices in the various territories.

Colonial

The Colonial period, ending in the 1960s for most of the British Caribbean countries, witnessed the development of industrial relations along similar patterns:

1. industrial relations were closely allied to the anti-colonial struggle, leading to the development of political unionism in most territories;

2. leaders were seen as biblical heroes, and many were identified as Moses or Joshua, as the movement became the centre of morality in the societies;

3. these leaders took on ‘larger-than-life images’, with many of them since being elevated to the pantheons of national heroes in various territories;

4. English industrial relations practices were translated into the Caribbean, as English law and example was the basis of the establishment of the initial framework, and labour leaders were trained in England and looked to England for guidance;
5. the state and the trade union acted as countervailing forces against the agents of capitalism. This was particularly pronounced where capitalists were often ‘foreign’ and of a different ethnicity from those who comprised the bulk of the labour force;

6. conflict was rife in an industrial relations climate which still carried vestiges of the old master-servant relationship, reminiscent of the earlier owner-slave nexus;

7. trade and investment patterns were based on concepts and practices of dependency and protectionism with very little exposure to real competition; and

8. there were relatively high levels of illiteracy among the workers, creating an environment where a relationship existed between the leader as a charismatic ‘hero’, and the workers as a ‘crowd’ which could be easily manipulated.

In spite of these many shared characteristics, patterns of industrial relations still varied. In Barbados, for instance, the development of a large blanket type trade union in the private sector, led by a succession of moderates committed to evolutionary change and the rule of law, created a particular type of industrial relations in that country.

The Jamaica model was somewhat different, with two large blanket trade unions competing against each other in the colonial period, each one tied to a different political party. This created a militance in the Jamaican industrial relations climate which was not evident in Barbados.

The Trinidad model was again somewhat different, with the emergence of several craft and industrial unions which were not markedly connected to political parties in the same way as in Jamaica.

British Guiana, as Guyana was called before independence, also developed large industrial and craft unions which were allied to political parties. As in Trinidad, the large numbers of Africans and Indians in the workforce coloured the industrial relations system in these countries.

**The disturbances**

The disturbances in the industrial arena between 1934 and 1939, leading to the MOYNE COMMISSION REPORT and its recommendations, as well as other national reports, were impactful on the development of industrial relations in the English-speaking Caribbean and are usually seen as a watershed in the development not only in industrial relations, but also in the economic, political and social phases of the region.

**Post-Colonial**

Post-colonial industrial relations in the English-speaking Caribbean has been characterized by change. A dynamic shift occurred in the injection of foreign direct investment in a variety of industries, in the hotel and tourism plant and in financial services, among others. As North American companies, whether from the United States of America or Canada, became more prominent, they challenged the old English ‘voluntarist’ model of industrial relations, preferring a more regulated model. The Industrial Stabilization Act of Trinidad and Tobago of 1962, set the stage for a regime of regulation which has spread through most of the English-speaking Caribbean.

Extremism of various forms impacted on the industrial relations climate. The existence of Cuba as a model of socialism attracted many converts to several variants of marxism or socialism among trade union leaders in the Caribbean. Such leaders, who were able to take control of nation states through the ballot box, tried to establish state ownership of the commanding heights of the economy, through a process of nationalization. Populist reformist leaders were convinced that state capitalism was the best development model to follow. Some trade union/political leaders chose more militant modes of taking control of the state and of properties formerly owned by private companies and individuals.

The 1970s and1980s ushered in significant changes in industrial relations. The oil crisis of the 1970s was a major shock. Escalating rates of inflation created collective bargaining nightmares throughout the region. Many states slipped into poverty, both at the level of the state and of the private sector. The role of the International Monetary Fund and the World Bank took on a new significance for the labour market.
For a while, world unemployment levels reached record levels in both the developed and the developing world. Discussions of a New Economic Order were cut short with the rise to prominence of Post-Keynesian economists who advocated supply-side economics. Political leaders like President Ronald Reagan of the United States of America, and Prime Minister Margaret Thatcher of Great Britain, challenged the strength of the trade union movement and set about to weaken the forces of labour and of any social force which seemed to threaten the bastions of capitalism.

The fall of Communism which was dramatic and thorough, ushered in a new climate in industrial relations worldwide, with impact on the Englishspeaking Caribbean.

The 1980s and the 1990s witnessed disturbing periods of economic depression. Even as the powerful triad countries of Europe, Japan and America have grown, occasional sharp recessions tend to cause severe anxiety often reflected in chaotic stock market performances.

With the recent onset of globalization and trade liberalization, especially after the formation of the World Trade Organization in 1995, new issues are arising in industrial relations in the English-speaking Caribbean.

**Industrial Relations in the non English-speaking Caribbean**

Through the Caribbean Congress of Labour, trade unions in the English-speaking Caribbean islands have established contact with industrial relations systems in the French, Spanish and Dutch-Speaking Caribbean. For the French-speaking territories, their system is an integral part of the French system as these countries are still French dependencies. The Dominican Republic and Haiti are old independent countries, having gained freedom from Spain and France, long before the English-speaking countries gained theirs from Great Britain. In both countries, heavy American investment, and prolonged periods of control by America have impacted on their industrial relations systems. The former Dutch territories of Suriname, Curacao, Aruba, Bonaire, and St Maarten reflect a strong Dutch influence in relation to their labour laws, the structure of their trade unions, and their practices of industrial relations.

Like the English-speaking Caribbean, the other territories have also been impacted by the forces of change in the post-1960 period.

**Caribbean Integration and Industrial Relations**

In 1926, trade unionists met in British Guiana and held the British Guiana and West Indian Labour Conference. This organization changed over time. In 1945, it became the Caribbean Labour Congress, but this organization fell victim to cold war divisiveness. In 1952, the Caribbean Area Division of ORIT was formed, comprising mainly those unions which supported Western ideology. In 1960, after the formation of the West Indies Federation in 1958, Caribbean trade unionists formed the Caribbean Congress of Labour to influence industrial relations at the regional level. In spite of the failure of the Federation, the Congress continues to connect its membership across the region. It has been relentless in its efforts at harmonizing labour legislation and improving industrial relations practices in the region.

**1.2. Modern Industrial Relations**

There are four main areas of industrial relations practice: (1) Market Relations (2) Human Relations (3) Managerial Relations and (4) Collective Relations.

**1.3.1 Market Relations**

For most persons the market relations aspect of industrial relations is predominant. Associated with market relations is the dominance of the trade union as an institution.

From an economic perspective the labour market deals with the supply and demand for labour, and the determinants of the price of that labour.

Trade unions have been blamed for creating asymmetries in the labour markets in some Caribbean territories and have traditionally borne the brunt of attacks from both the private sector and the state for inflating the price of labour, and for establishing various rigidities in the labour market. Since the 1990s, international agencies, including the World Bank, have indicated a different attitude towards trade unions. However, they have been redefining the historical role of trade unions.
After studying the trade union movement for over more than two and a half centuries of its existence, Sidney and Beatrice Webb in 1894 defined it as a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives. GDH Cole described a trade union as an association of workers in one or more occupations mainly for the purpose of protecting and advancing the members’ economic interests in connection with their daily work. However, he was clear to indicate that trade unions engaged in other activities such as politics, educational work and establishing friendly societies for the provision of benefits in sickness or old age.

The Barbados Trade Union Act defines a trade union as any combination, whether temporary or permanent, the principal purposes of which are, under its constitution, the regulation of the relations between workmen and employers, or between workmen and workmen, or between employers and employers, whether such combination would or would not, if this Act had not been enacted, have been deemed to have been an unlawful combination by reason of some one or more of its purposes being restraint of trade.

All of the above definitions focus on the market relations aspect of industrial relations. Cole’s definition focused on advancing the members’ ‘economic interest’.

It is through the process of negotiations in the form of collective bargaining that trade unions have sought to advance the economic interests of their members. This mechanism has been used to set wages/salaries and conditions in the market, distribute the wealth created in the enterprise, and provide security for workers after retirement through pension schemes, as well as health care schemes of various types. Trade unions have also used the powers of lobbying and advocacy to ensure the passage of legislation and the creation of institutions that provide safety nets for workers.

The market relations aspect of industrial relations has been conflictual in the Caribbean. It has generated ‘interest’ and ‘rights’ disputes which have sometimes escalated into general strikes which seem to threaten national political, economic and social security. The union’s dominance in market relations leads to the perception that it has a monopoly voice. The major perceived effects of the monopoly voice are that unions:

- are responsible for high levels of inflation;
- raise wages above competitive levels, leading to high wage costs and less employment;
- create work rules which decrease productivity levels;
- increase income inequality by raising the wages of highly-skilled workers;
- create divisions among comparable workers; and
- resort to industrial action for narrow gain but to the detriment of the entire community.

The national press in the Caribbean has been a strong proponent that the trade union movement has been a negative influence in the labour market.

1.3.2 Human Relations

The reality is that the trade union movement uses the collective/protective voice in the pursuit of the human relations aspect of industrial relations, but this does not capture the interest of the local press readily. Some of the human relations benefits fostered by trade unions include:

- providing due process where workers have grievances;
- an involvement in democratic processes at the workplace;
- creating educational, recreational, savings and other institutions;
- giving access to the membership of an international fraternity of workers;
- fostering class mobility for large groups;
- placing emphasis on wellness, safety and health and the working environment;
- paying attention to ergonomics, work layout and work processes;
ensuring greater job security;

- negotiating employee assistance programmes;
- instituting grievance handling procedures;
- reducing discrimination;
- ensuring a better chance of getting fairness and justice at the workplace; and
- reducing the incidence of child labour.

1.3.3 Managerial Relations

Traditionally, capital has been the dominant factor in the workplace. Entrepreneurs use assets including share capital, buildings, equipment, brain power and material to form a company. In many instances, labour is the last major resource to be included in the project to transform some goods or service into wealth creation. Entrepreneurs took on the management roles themselves or hired others to manage. Structures were top down with policies and programmes developed at the ownership or management level and passed down through instructions. Labour was perceived as just another input, an expense to the organization, but with the important exception that labour could not be disassociated from the human element which produced it. Management felt that it should have the exclusive right to hire, terminate, pay and otherwise dispose of labour.

The growth of the trade union movement has led to the sharing of power relations in the workplace. Those who believe in the dictum that it is management's right to manage, find trade union's encroachment into managerial relations as anathema and a threat to their control of the enterprise.

1.3.4. Collective Relations

The existence of trade unions of various sorts: craft, industrial, company, general and federations or congresses, has been accompanied by the formation of employers’ unions. The interaction between these institutions comprise the collective relations of industrial relations.

In an era of social partnership, the collective relations’ aspects of industrial relations are becoming even more prominent.

1.4 Theories of Industrial Relations

Generally there are three basic theoretical models used to analyze and typify industrial relations: Conflict, Unitary and Systems theory.

The Conflict theory, which has variants such as marxism and pluralism, is based on a number of assumptions:

1. that there has always been and will always be a divide between the owners and controllers of capital and those who sell their labour;
2. that collective action is best to counter the power of capital
3. that in all workplaces there are a variety of interests, some of which may share common positions, but may still have divergent objectives
4. that there is nothing inherently wrong with the use of struggle to create balance and a return to equilibrium.

Unitary theory disputes that there is a meaningful role for conflict in the workplace. Unitarists posit that management should set the rules and workers should cooperate in complying with the rules. Conflict is seen as disruptive. Managers and workers share a common interest and there is no need for ‘third party’ interventions.
The Systems theory examines the industrial relations system as an organism which has throughputs, inputs, processes and outputs and which should be evaluated constantly. Such a system changes over time and is affected by changes in actors, ideologies, technology and the environment in which it operates.

These theories are ideal types, and each one may possess its own legitimacy and relevance in analyzing an industrial relations practice.

**EXERCISE**

1. What factors led to the development of trade unions in the Caribbean?
2. How important are industrial relations to economic development?
3. Should trade unions emphasize market relations above human relations?
4. Why would management endorse the unitarist theory of industrial relations?
Section: Module 2 - The Collective Bargaining Process

Objectives

1. To define collective bargaining
2. To examine the stages in collective bargaining

2.1 What is Collective Bargaining

Collective bargaining is a process whereby trade unions, representing workers, and employers through their representatives, treat and negotiate with a view to the conclusion of a collective agreement or renewal thereof or the resolution of disputes.

A collective agreement is usually an agreement in writing between an employer and a union, on behalf of workers employed by the employer. It contains provisions reflecting terms and conditions of employment of the workers, and conferring to them their rights, privileges and responsibilities.

Sometimes the terms “bargaining” and “negotiating” are used to describe the same process. Theoretically, the term bargaining is probably better used to describe the economic interaction between an employer and an employee which is finalized in the individual contract, whether written or unwritten. When an employer hires a worker, he can demand labour, and agree on a price for that labour. The offer, acceptance, consideration, and intention to create a legal relationship constitutes a bargain to which compliance can be sought in law.

When trade unions negotiate a collective agreement with employers, the process and the outcome are somewhat different. In the first place, trade unions do not sell labour to employers, unlike individual workers. Likewise, employers do not pay trade unions for work done. Trade unions use collective bargaining as a means of setting the rules by which labour in the workplace will be regulated and remunerated.

The process of collective bargaining is in reality a series of negotiations, diplomatic and political manoeuvres, with the influence of economics. The

ILO Convention No. 154
The Promotion of Collective Bargaining
Article 2

For the purposes of this Convention, the term “collective bargaining” extends to all negotiations which take place between an employer, a group of employers or one or more employers’ organizations on the one hand, and one or more workers’ organizations, on the other, for

1. determining working conditions and terms of employment; and/or
2. regulating relations between employers and workers; and/or
3. regulating relations between employers or their organizations and a workers’ organization or workers’ organizations.

The trade union negotiator has to negotiate with his or her principals, the general membership, as well as with the union’s negotiating teams, even as the negotiator negotiates with the employers. The employers’ negotiator is often in a similar situation.

Voluntaristic vs. legal industrial relations systems

In an industrial relations’ system that is predominantly voluntaristic, collective bargaining processes such as recognition, the collective agreement and industrial action are likely to be based on a gentleman's agreement made acceptable by custom and practice. Gradually voluntarism has lost ground in the Caribbean and most industrial relations system have legislation covering recognition, the collective agreement, the formation and structure of bargaining units and the management of industrial action.

In countries such as Trinidad and Tobago and Antigua and Barbuda, Industrial Courts play a major role in industrial relations. In Jamaica, the Industrial Disputes Tribunal is very influential. Barbados is still unusual in that there is little or no regulation relating to core collective bargaining processes.
Over time, Caribbean States have ratified the main International Labour Organization’s Conventions on collective bargaining. These include:

- Convention No. 87, concerning Freedom of Association and Protection of the Right to Organize;
- Convention No. 98, concerning the Application of the Principles of the Right to Organize and Bargain Collectively; and
- Convention No. 151, concerning the Protection of the Right to Organize and Procedures for determining conditions of Employment in the Public Sector.

All Caribbean countries have developed a legislative and institutional framework supportive of collective bargaining.

2.2 Stages in Collective Bargaining

The first step in the collective bargaining process is that of organizing a group of workers, gaining recognition and developing a body of proposals to submit to the employer as the basis of a collective agreement. The development of proposals to be submitted on behalf of workers is a delicate process over which great care has to be taken.

Trade union leaders are required to meet with the general membership and seek a clear understanding of the changes in their contracts which they require. Such a meeting may demonstrate differences among the members on serious issues, such as levels of remuneration. The submission of many issues, including levels of compensation and conditions, will have to be examined against market considerations. The role of a research facility within a union is thus very important.

Elements of submissions

Negotiators recognize that the submission must encompass various elements. Industrial relations existed at the workplace before the entry of the union. A pattern of benefits, conditions, rules and regulations is usually in place. The negotiator must make an assessment of those provisions that are already adequate and those where improvements can be made.

In terms of wages/salaries and other areas of remuneration, the first agreement is for setting a schedule in place, and must not be confused with a revision. In a situation where wages/salaries are very far below the market value in circumstances that cannot be justified, trade unions can sometimes achieve significant improvements for workers. In some cases, wages/salaries may already be competitive in the market and the union may focus on conditions and other benefits.

Traditionally, the trade union submits a list of changes which forms the agenda for negotiations. In recent times, the list may be enclosed in a draft collective agreement which helps to ensure that a collective agreement is signed early after the closure of negotiations.

With recognition agreed, and proposals submitted, the union will usually inform the employer of the names of the shop stewards at the workplace, and request the extension of courtesies in the performance of their functions.

Composition of negotiating team

In some instances, union negotiations are led by paid professional staff members and in others, by shop stewards from the workplace. In many instances, the manager, the human resources manager, and the financial officer or accountant may lead the management’s team.

Many trade union negotiating teams are led by generalists who have to develop expertise on a wide area of subjects such as compensation practices, benefit schemes, pensions and safety and health conditions. They must also have some legal training for drafting language in agreements.

There is a growing tendency for specialists to sit on negotiating teams. Thus one person will deal with pension issues, another with health care and so on.
In large companies with Human Resource Management Structures, there are officers who specialize in different areas of industrial relations such as counselling, training, safety and health, negotiations, benefits, management and personnel matters.

**An Eight (8) Step Approach to Collective Bargaining or Negotiating**

With the proposals submitted, and the team selected, the chief negotiator/leader may recognize the importance of the following phases of negotiations:

1. Preparing
2. Arguing
3. Signalling
4. Proposing
5. Packaging
6. Bargaining
7. Closing
8. Agreeing.

Negotiation has already been described as a process involving diplomacy. Some claim that the negotiations forum is a ‘contested terrain’, that the process is akin to an act of war, where words, wit and logic take the place of lethal weapons.

**A simple definition of negotiating is a process through which parties move from their divergent positions to a point where agreement may be reached.**

This model suggests that the union will submit a set of proposals which it considers as an ideal. However, it may be willing to settle for less than the ideal. At some point between the ideal submission and the settlement, the union will resist any pressures by the employer to go below the resistance point. The employers are in a similar position. Ideally, they may not wish to make any improvements, but they will establish a mandate for settlement, and also have a resistance point.

This model can be problematic. If the ideal positions of the two sides, and the likely settlement position diverge greatly, the chances of an impasse, breakdown and subsequent industrial action looms.

Clearly also, no negotiator wants his position to be known by those on the other side! In the case of the trade unionist, his members may feel that they have the right to set his target, and that he cannot settle other than at the mandate they have given. Such an inflexible position may be difficult to maintain, as the more persons who are aware of the mandate, the more likely it is that it may reach the ‘other side’.

Trade union negotiators must be adept at handling meetings and at communicating with the membership to ensure that their goals and objectives are congruent.

**1. PREPARATION**

Preparation for any serious negotiations would be incomplete without a thorough examination of factors external and internal to the workplace which has a bearing on the negotiations.

**Examining external factors - the macro-economic environment**

Part of the ‘mental’ preparation of the negotiator is to be in tune with the environment impacting on industrial relations. The formation of a Caribbean Single Market and Economy, the existence of trading blocs, the imminent formation of the Free Trade Area of the Americas and the Cotonou Agreement all have implications for areas of economic and industrial life in the Caribbean, and for the Caribbean workplace and the Caribbean worker.

Trade unionists are very aware that productivity and competitiveness are key issues at the workplace.
Workplaces are in competition with each other within territories, across territories, and indeed, across the globe. Those which compete successfully will survive, those which fall behind will disappear. Labour productivity is an important factor in competition and part of the negotiator’s task is to examine the productivity of the workplace.

Preparation for negotiations will include an examination of macro-economic factors such as employment levels, the rate of inflation, the foreign reserves, investment, interest rates, and growth in the economy, among other things. Where the macro-economic situation appears stable and there are signs of prosperity, employers are more likely to make reasonable settlements. A major difficulty in the Caribbean is that there is a great divergence in macro-economic performance. Some countries have also performed in such a way that even in years of solid growth, the benefits have not accrued to the mass of workers.

Examining internal factors - enterprise performance

An examination of the internal performance of the business enterprise is even more important than information on the macro-economic environment. The sharing of business information is critically important for effective negotiations. In too many instances management refuses to provide vital information to trade unions. This is especially so where there are single owner proprietorships, partnership, and private limited liability companies. Branch plant operations of foreign-owned companies also often refuse to share information.

Trade unions should be aware of the profit and loss statements, balance sheets, notes and other information provided in the Financial Reports of companies with whom they are negotiating. They also benefit from awareness of the companies’ budgets and strategic plans.

Analysis of financial information can be useful in providing information on the company’s history and its present status, but will not necessarily point accurately to its future performance.

The profitability, liquidity, leverage and activity ratios shown in Table 1 are useful in examining the performance of a company. The ratios are best applied to a manufacturing plant but some have relevance to other business units.

Such information, along with intelligence provided by the workforce on recruitments, expansions, purchases, investments and other details can assist in the type of settlements one can realistically expect from an enterprise based on its capacity to pay.

Another aspect of preparation for the negotiations relates to physical arrangements including ensuring that meeting rooms are adequate, with room for the occasional caucus, and that seating arrangements are adequate.

2. ARGUING

Negotiators are expected to argue effectively in support of their submissions. Negotiations are not discussions, and they are not consultations. They are about persuasive arguments that can win over a case. Negotiators use a blend of logic, emotional appeals,

Table 1. How to Calculate Profitability, Liquidity, Leverage and Activity Ratios

<table>
<thead>
<tr>
<th>RATIO</th>
<th>HOW IT IS CALCULATED</th>
<th>WHAT IT SHOWS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROFITABILITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net profit margin</td>
<td>Profits after taxes / Sales</td>
<td>After tax profits per dollar of sales</td>
</tr>
<tr>
<td>Returns on total assets</td>
<td>Profits after taxes / Total Assets</td>
<td>Returns on Total Investment</td>
</tr>
<tr>
<td><strong>LIQUIDITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio</td>
<td>Current Assets /Current Liabilities</td>
<td>Cash coverage of short-term creditors</td>
</tr>
<tr>
<td>Acid Test</td>
<td>Current Assets-Inventory /Current Liabilities</td>
<td>Coverage of short term without selling inventory</td>
</tr>
<tr>
<td><strong>LEVERAGE</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Debts to Assets

**Debt to Equity ratio**

**Total Debt / Total Stockholder’s Equity**

**Funds created by owners to handle debt**

**Use of borrowed ratio funds for financing**

### ACTIVITY

**Inventory turnover**

**Sales / Inventory of Finished Goods**

**Is inventory over or under stocked?**

**Average Collection Period**

\[
\text{Time after making a sale to receive a payment} = \left( \frac{\text{Accounts Receivable}}{\text{Total Sales}} \right) \times 365
\]

### 3. SIGNALLING

Negotiating is interactive and dynamic. Active listening is a skill which has to be developed. Also, negotiators have to be able to ask questions to elicit useful responses. Negotiators send signals through words, some plain and easily apprehended, others are more obtuse. Negotiators also send signals through body language. For those who are adept at receiving signals, the process of moving negotiations onward becomes less onerous. It is through signals that a negotiator begins to perceive:

- proposals that will meet with little resistance;
- those that can be accepted with some modification; and
- those that have low chances of success in the current round of negotiations.

### 4. PROPOSING

Armed with the reading of signals, a negotiator will then know which proposals can be prioritized with almost certain chances of success.

### 5. PACKAGING

The negotiator may then decide to package proposals, making concessions and linking strong winners with others with less chances of success. A total package proposal is placed on the table with an agreement of all elements crucial for settlement.

### 6. BARGAINING

At this stage, it is likely that both sides will be proposing packages, each with a core that signifies ‘the irreducible’ that is required by each for settlement. At this stage, negotiators might be suggesting that their proposals are the ‘last, last’ that they will be making.

At this stage, each negotiator is searching for an advantage, while helping the opponent to feel a winner. It is often wise to break out of formal negotiations and engage in creative scenario building on a menu of options that may provide a settlement. Negotiators talk about taking “pens off the table”, instructing the takers of minutes not be record the creative exercise in problem-solving. In case the creative efforts fail, the negotiators can return to formal discussions at the level of their last formal submissions. Bargaining in earnest can be a painstaking and lengthy exercise with all of the features of an Olympic exercise between formidable contestants.

### 7. CLOSING

Expert negotiators develop a sense of when it is best to close negotiations. Closing too early or too late can lead to the loss of the strategic moment when greatest success can be reached. In assessing the best time to close, consideration must be given to issues such as the mood of the workers and the prevailing economic climate.

At the end of the bargaining session, negotiators should be able to walk back over the negotiations and...
summarize all of the positions. They should note the agreements reached, issues that are withdrawn and others that are deferred.

Ambiguities should be cleared up and joint language discussed.

8. AGREEING

The final stage in the formal negotiation process is reached when the draft agreement has been vetted, and has been produced in a formal form by the negotiators.

Discussions are then held about issues such as the starting date for the payment of new salaries/wages; issues related to retroactive pay, where relevant; the timing of the introduction of new benefits; and indeed, areas of housekeeping and tidying up the business of the table. The discussions are then closed with appropriate addresses, bringing a civilized end to a round of negotiations.

Communicating with the union membership

Mention has already been made of the fact that negotiation leaders must always keep their principals informed and seek their support in reaching acceptable settlements. To this end, they should hold a general meeting to get workers to vote for the settlement they propose to close on.

A negotiator can receive a shock if his tentative agreement at the table is met by a refusal from his principals, and this can happen if they have not been included throughout the various stages of the process.

Meetings, circulation of minutes and the use of position summaries can all help to ensure the smooth process of collective bargaining.

A skilled negotiator has little difficulty in having a vote at the end of the negotiation process and getting majority support for his agreement. He should not however, be unduly concerned if support is not unanimous. He should be wary, nevertheless, if there is resistance from a substantial minority of his principals.

Breakdown in Collective Bargaining

Trade unions have traditionally recognized the value and importance of industrial action when there is a failure to reach agreement through the established procedures. Industrial action can take many forms:

1. work-to-rule
2. go slow
3. strike

In some countries the strike is highly regulated through statutory provisions.

In most countries Essential Services are clearly defined and industrial action in these areas is circumscribed.

EXERCISE

1. Why would trade unions prefer voluntaristic, rather than regulated collective agreements?
2. Is a skilled negotiator born, or can he/she be trained?
4. Should trade union negotiators be considered as ‘experts’?
5. Discuss the sick-out as a form of industrial action.
6. What are the essential services in your country?
7. Under what circumstances can industrial action be legally conducted in your country?
8. Can industrial action take place in the essential services in your country?
Section: Module 3 - Collective Bargaining - Relationships and Strategies

Objectives

1. To examine types of bargaining relationships and their impact on collective bargaining results
2. To examine negotiation strategies and tactics
3. To focus on issues covered in collective agreements.

3.1 Bargaining Relationships

Broadly, bargaining relationships may be characterized as Distributive or Integrative. Those who espouse conflict theories are likely to be proponents of distributive bargaining.

Distributive Relationships

Some characteristics of distributive bargaining include containment/aggression, power abuse and ideological posturing.

Containment/aggression describes a situation where the management has had to recognize the union, but uses every strategy to undermine union influence. This includes the use of union-busting strategies, including terminating union leaders and members, promoting non-union workers and engaging in low-road strategies. The union responds by aggression, including a variety of economic sanctions such as sick-outs, go-slow and strikes.

A bargaining relationship of this nature can hardly be conducive to worker motivation and productivity.

Similarly, some relationships are characterized by a blatant display of power by one or both sides. There is no emphasis on mutual gains, but rather a concentration on win/lose, sometimes with the entire nation as a bystander.

A bargaining relationship where the two sides espouse contrasting ideological views can be extremely bitter and negative. A management with a unitarist approach/views negotiating with a pluralist union can find difficulties in negotiating successful conclusions.

Integrative bargaining relationships

Integrative bargaining relationships vary. The recent emphasis on performance-related pay systems at the micro-level, and of social partnership at the national level are good examples of integrative bargaining relationships.

Such relationships are likely to succeed where there is less polarization, more trust, and there is a need by insiders to the system to succeed against hostile external circumstances. Best integrative approaches include cooperation, with a focus on mutual aims and objectives, avoiding extreme display of power, and accommodation, where tolerance and compromise predominate.

Other Bargaining Relationships

There are less savoury bargaining relationships which fortunately are not significant in Caribbean collective bargaining practices. These include deal making, where secret negotiations are made between leaders with little involvement from the rank and file; collusion, where employers and unions agree to control labour prices; and racketeering, characterized by corrupt practices.

3.2 Strategies and Competencies

Negotiators are in the business of winning gains for their principals. Sometimes this is extremely challenging and they have to tap into sources of power to assist their cause. One such source is the power of competition. Negotiators know that if they fail to deliver, there are others willing to take their lace. The power of competition pushes them on to excel at their tasks. A trade union that fails to deliver for its members will witness a membership loss. Successful negotiations are extremely potent organizing and public relations tools.
Many negotiators have a crusading element in the zeal they bring to their work. They believe in the legitimacy of their claims, that they have rights on their side, which transforms and translates into might at the bargaining table.

Because of the love of what they do, negotiators bring commitment and dedication to the task, both powerful tools for achieving success.

Whenever a negotiator finds himself in a difficult position, he starts to search his mind and experience for precedents. Few problems are new or unique. One can draw from past, personal or vicarious experiences to provide answers to difficult problems. Negotiators should read widely including case studies. Such reading can be a treasure trove of precedents. Additionally, court judgements, summaries of cases from Industrial Courts, and from Severance Payments tribunals as well as Management cases can provide guidance in the methodology of approaching some negotiating problems.

A negotiator who has a stock of successes behind him is able to say to himself that he has succeeded before and can do so again. He is unlikely to be daunted by any negotiating dilemma which confronts him.

A negotiator with positive attitudes and enabling competencies looks forward to his task knowing that these are sources of power. It should be a given that negotiators are trained in negotiating. In many cases, however, Caribbean negotiators receive on-the-job training, by being placed to work alongside a senior negotiator, and learning the behavioural skills associated with negotiating through observation and emulation. Others have been trained in collective bargaining at labour colleges, universities or through specialized training. A negotiator’s cognitive knowledge in basic areas of labour economics, statistics, arithmetic, social psychology, labour law, compensation policies, accounting and other core areas impacting directly on performance at the bargaining table, should be sharpened consistently.

A Negotiator’s Competencies

But the difference between one negotiator and others may be accounted for in terms of attitudes and personal competencies. Negotiators should not fit easily into stereotypes. Some negotiators prefer to adopt belligerent, militant, gruff attitudes as signals that they are business-like and no-nonsense persons. Their language is aggressive and confrontational. They are quick to threaten strikes, lockouts or withdrawals. Others develop a trademark style of suave persuasion, the use of biblical quotations and references to literature, while cascading ‘sweet reasonableness’ as an enticing strategy. There is nothing to say that either style is better than the other. It has been said that a foolish consistency is the hobgoblin of small minds. So, experienced negotiators know how to shift negotiating postures.

Successful negotiators develop a number of competencies. They develop personal competencies and are in control of their personal lives. They manage their time, are self- confident, well-groomed, are patient and even-tempered, assertive, self-critical and driven by the desire to exceed. They also have change competencies. They understand the difficulties of rigidity for a negotiator. So they develop menus of options suitable for fall back positions from their ideal. Trade unionists tend to be conservative. Good trade union negotiators have to break out of that mould and be able to apply new solutions to old as well as to new problems.

People competencies are critical to a negotiator. Most important is the skill of communicating effectively and persuasively, of empathizing and sympathizing, of managing relationships and of helping to develop his team.

Analytical competence is important for a negotiator who has to gather and assess information, create syntheses from information heard or received otherwise, use judgement to respond to situations, think laterally as well as logically and be effective in decision-making.

A good negotiator also must have business competencies. Negotiators are fortunate to negotiate in widely varying business environments. Sometimes he/she is involved in public sector negotiations and must develop an awareness of and understanding of public sector business structures and strategies. One negotiator might be involved in sugar, the distributive sector, hotels, banking, utilities and manufacturing. A successful negotiator must strive to understand the varying business cultures. He/she should read widely in the various journals, trade magazines and business papers, take part in trade conferences in the related areas and maintain a network of associates in various business areas.
Finally, good negotiators should develop competencies in establishing standards and benchmarks for quality and performance. Good negotiators are thorough and painstaking in their approach to their work, expect to operate at the level of excellence, and expect excellence from those associated with the negotiating experience. Negotiators are quick to take the initiative and to provide standards for leadership, preferring to lead from the front. For the good negotiator, integrity is the foundation upon which all other qualities are to be laid. His word is his bond. A gentleman’s agreement is as firm as a pillar cast in steel.

**Utilizing the needs-based strategy**

Negotiators sometimes employ a ‘needs-based strategy’ to help them create power in bargaining relationships. Negotiators should know their own needs. Most senior negotiators are driven by higher order needs such as self-esteem, self-actualization and recognition. Every successful negotiation gains the plaudits of the membership, the Executive Council, and sometimes even the editorials of a usually antagonistic press.

Negotiators know that they help to satisfy the more basic needs of their members - securing their jobs, providing them with income to meet their needs for food, shelter, clothing and other amenities. They also satisfy the needs of those across the table. A good negotiator must be able to analyse his counterpart and to understand how to satisfy his needs to get the best results. In order to develop a clear understanding of needs-based negotiations, negotiators should be well-trained in understanding human motivation.

**Successful negotiators**

The most successful and enterprising negotiators are creative persons who are able to think quickly, place themselves in the position of the other person, use humor as an important lever, focus on issues rather than persons, and on needs rather than on positions.

Good negotiators can be trained to reach levels of excellence. No training is better than being immersed in the most difficult negotiations and working systematically and thoroughly towards a satisfying result.

Finally, a good negotiator must be a team player willing to work cooperatively with a group of persons including researchers, accounts clerks, secretaries and others who work collectively to conclude successful negotiations.

**3.3 Negotiating Tactics**

The practised negotiator uses a number of tactics to get the advantage of his less experienced counterpart. Practised negotiators do not surrender large concessions but tend to concede by small measured steps. This is because they envisage likely settlement. They have a clear idea what the employer can pay and will not settle for less. This tactic of small movements is called the salami.

Some negotiators use the strategy called **Boulwarism.** This is a tactic of putting a ‘take it or leave it offer’ on the table. The offer is usually well thought out and capable of influencing the other side into considering it without the time consuming process of bargaining. Suppose a negotiator has in mind a settlement position of 6%, and has actually proposed 10%, and his counterpart places 5.5% on the table. It is entirely possible that the negotiator's principals could be persuaded to concede the .5% and to accept the carefully laid offer.

Negotiators are adept at placing more demands on the table than they really intend to get in a bargaining session. At the appropriate time, the ‘expendable’ proposals can be placed on the back burner, deferred and eventually withdrawn. Fortune may favour the negotiator who may be able to link the ‘expendables’ with ‘strong’ proposals and succeed in getting them as part of a package. Good negotiators know how to say, I will give you A if you will concede B and C, and gain significant concessions by ‘linking’.

Some negotiators practise brinksmanship in a frustrating manner. They appear to be at a point of acquiescence and agreement only to retreat and change position. Sometimes both their verbal and body language signify agreement. Yet they later claim not to have agreed. The best counter to this tactic is to insist on written summaries on an ongoing basis setting out positions by the parties, and signing off as accepting the summaries.

For some negotiators, the use of red herrings can have devastating impact on the unpracticed. Unsettling and disquieting references to events and persons embarrassing to a negotiator can sometimes throw him off balance. It is a low road tactic, but points to the fact that negotiators should avoid circumstances that will allow for such situations to develop. In small communities, the negotiator’s personal and business life is
known to all and sundry. Misfortunes can be used against him with telling effect by those who use such personal tactics.

An astute negotiator can perceive where the opposing team is divided on a position and can use this split to leverage his own claim. He can perceive the difference between the official leader and that person who carries a mantle of unofficial power. He can sometimes throw the opposing team into confusion by dividing them and gaining significant benefits.

A skilled negotiator is ready to grasp if his counterpart is a ‘giver’. Once he discovers this characteristic, he knows how to ask for and get ‘one more thing’, and to pile on gain after gain from one who comes to the table with a cornucopia of benefits.

Sometimes negotiations stall because of the participants at the table. Where the two chief negotiators are unyielding to each other’s strategies and tactics, it is often better to bring a new face to the table. Two unbending and unflinching negotiators are likely to stalemate and break down. This is equally true of two indecisive and muddling negotiators.

The above tactics are frequently found in the armoury of skilled and principled negotiators. Less principled negotiators will occasionally try incorrect summaries of positions with the hope of catching their counterparts offguard and so gain concessions by a sleight-of-hand method.

Others try to use tactics to place their counterpart on the wrong foot. This includes blaming them for delays in the negotiations. Managers often spread propaganda among their members to the effect that the union negotiators are to be blamed for delaying negotiations.

3.4 Public Sector Negotiating

Public sector industrial relations and collective bargaining need special consideration, as most texts tend to focus on the private sector.

The state has traditionally been a large employer of labour in the Caribbean. For many, employment in the public sector was sought after because of the security, relatively high level of wages and status that were associated with that area. For those who had the necessary qualifications and gained appointments as clerical officers, teachers, and other officers in the Civil Establishment, their security was guaranteed as they could only be disappointed by a lengthy and complex process involving service commissions and the decision of the head of state. Employees in the Civil Establishment are beneficiaries of several legislated benefits, including pensions, and movements in their salary scales through almost automatic annual increments.

Civil Service Associations, which became later transformed into Public Sector Unions, recruited wide swathes of members from the level of permanent secretaries, through to maids, janitors and watchmen. Governments did not concern themselves much with questions about defining bargaining units. In the case of the Guyana Public Service, an Agency Shop was operational for years.

It is usual for distinct employment areas in the public service to have their own unions, thus teachers and nurses are likely to have their specific unions.

Where the government has to negotiate with competing unions over the same collective agreement, it is difficult for all the unions to have convergent negotiating positions, especially where union rivalry for membership is an important issue.

Public Service negotiations are very significant for national and macro-economic policy. In many instances, settlements in the public service are used as a pattern setter for the private sector.

Trade unionists benefit from the fact that government's financial information is usually available as the yearly Estimates of Revenue and Expenditure and give a clear indication of the areas in which government intends to spend. The budgetary exercise gives an indication of projected revenue to be earned from named sources.

It was once considered that the ability to pay was not an issue with governments, since it was presumed that they could pay the demands of the unions and tax the citizens. The 1980s and 1990s saw situations where, with declining economies, not only were governments unable to pay wage increases, but in even the
more prosperous countries, wages and salaries cuts, and other forms of concessionary bargaining, were engaged in.

Public sector reform

The Caribbean island states have been forced to divest and privatize many of the businesses which they have nationalized in the 1960s and 1970s. Public Sector Reform is currently a major issue facing trade unionists in the public sector. Institutions that were formerly part of a Ministry, such as hospitals, airports and seaports are now being controlled by autonomous boards. Corporatization and commercialization are frequent strategies for transforming former public sector areas. In some countries, areas like post offices are contracted out to private sector entrepreneurs, not necessarily from the Caribbean.

Trends in job evaluation and recruiting strategies

The public sector in the Caribbean is adopting job evaluation strategies similar to those used in the private sector, rather than maintaining the job classification strategies used hitherto. Performance appraisals, associated with performance-related pay and the award of increments, are being promoted far more vigorously in the public sector than before.

Some Caribbean countries like Jamaica have started a programme of recruiting senior public sector officers from the private sector. Some of them are taken also from the University and then are awarded fixed-term contracts.

In the public sector, seniority principles which have traditionally been the most important criteria for promotions have now been given less significance, and much more emphasis is being placed on merit, qualifications, training and competencies. Trade unionists have been heard to object strongly to supersession but little has been done to rewrite and reshape the rules of the game.

Re-positioning the Public Service in an era of globalization

In Barbados, the Cabinet in 1999 gave a mandate to a Committee to recommend a policy framework within which legislation that impacts on the administration of the public sector would be consolidated and revised, resulting in greater efficiency and effectiveness in the management of the public sector. The pieces of legislation to be examined included the Services Commissions (Public Service) Regulations, 1978; the Service Commissions (Police Service) Regulations, 1978; the General Orders and the Civil Establishment (Qualifications) Order. The Committee was requested to pay special attention to issues such as the secondment of public officers, and temporary posts. The impetus came from the need for a new Public Service Act to locate the bureaucracy in the current era of globalization and to position it for the coming twenty years.

Among the areas examined by the Committee were discipline and grievance handling; management of training; financial management; management of the public service; conditions of service; accountability and a code of ethics; secondment of public officers; temporary posts in the public service; and the role of the Internet.

The Committee assessed the current situation in each area, pointed a way forward and made recommendations. The Committee received views of the public at a series of public meetings.

When finalized, the new Public Sector Act should be very impactful on industrial relations in the Barbados Public Service.

At least two other Caribbean countries have taken initiatives in this area. The Commonwealth of Dominica passed a Public Service Act 1991, and the Government of Saint Lucia has a draft Public Service Employment Bill, 1994.

Because of the large size of the public sector, and also because of the mixture of voluntarism and regulation which characterizes its industrial relations, it is not usual to have a collective agreement signed off by management and union for public sector workers.

The conditions of service including salary, allowances, appointments, including promotion and transfers, discipline, leave, training and retirement benefits can be found in a plethora of sources including Regulations and General Orders.
When changes are made to some of the conditions, administrative directives are issued and these constitute the 'agreement', the basis for implementing the agreement.

Trade unionists and negotiators in the public sector have an onerous task of learning and understanding a great deal of laws and regulations and have to develop the patience and skills to plough through much red tape and bureaucratic hindrances to solve their problems.

**EXERCISE**

1. Describe the qualities of your ideal negotiator.
2. What strategies and tactics can influence the conclusion of successful negotiations?
3. How do negotiations in the public sector differ from those in the private sector?
4. How would you evaluate the success of negotiations?
Section: Module 4 - From Contract to Compact

Objectives

1. To examine the difference between the rights in an individual contract and those in a collective agreement.

2. To focus on the major areas covered in a collective agreement.

3. To highlight integrative industrial relations strategies at the micro and macro levels.

4.1 The Contract of Service

Few Caribbean countries provide legislative support for employees to receive written contracts of employment when they are first recruited for work. Many workers are engaged by oral contract. After they are given an initial interview, they may be given details of hours of work, vacations, pay and a few other details. Very seldom are they given a job description. In many instances, they are not fully initiated into their workplace and many know little about the wider scope of the enterprise in which they are employed. Their contacts will be with a supervisor who gives orders, and colleagues. In very few institutions are there regular staff meetings where they hear about company policies and programmes. In many instances, they know little about the ownership and structure of the company.

As employees on contracts of service, they are paid at fixed intervals based on a unit of time – hourly, daily, weekly or monthly. In many cases, they have little influence on the rate of pay offered to them.

Many are drawn to trade unions when they realize that the conditions of employment they enjoy are not to the standard they want for themselves. Collectively, they endeavour to extend their conditions and their rights at the workplace. The collective agreement captures the rights and benefits which the unions can gain for members.

4.2 Standard areas in Collective Agreements

The four (4) standard areas in mature collective agreements can be classified as:

a. Economic
b. Contract Management
c. Hours and Standards of Work and
d. Personnel Administration.

a. ECONOMIC - Includes wages/salaries; paid vacations, holidays; time off; bonus and merit payments, prices of in-plant food services; insurance; pensions; shift differentials; severance and allowances.

The Economic section of the collective agreement calls for careful negotiation. Some bargaining units comprise ungraded hourly-paid employees. Others comprise a mixture of graded hourly paid; weekly graded; monthly employees paid on a scale or a range, with additional incentives, merit schemes and other performance-related bonus schemes. The same bargaining unit may have workers on shift, rostered workers and workers on rota. Trade union research departments should keep a record of clauses covering all of the standard economic areas; they should also have data across industry segments to help establish benchmarks. A negotiator who wishes to make a proposal for improved vacations, shift differential or other conditions should be provided with up-to-date information on the standard provisions.

Trade unionists negotiate health care and pension schemes as a means of ensuring the personal security of members.

In both cases, trade unionists should acquaint themselves with the best health care standards and pensions on the market and there should be competent on-staff officers to deal with these issues.

Severance payments and other separation packages are now provided for in the national legislation of some countries. However, trade unionists should try to establish job security protocols in agreements, providing the right to have full discussions on intended serious job cuts, and of negotiating packets including voluntary severance, early retirement packages and severance formulae that improve on the legal maximum.
b. CONTRACT MANAGEMENT – this includes the duration of the agreement and the effective date; union security e.g agency shop, union dues and check off; grievance procedure; no-strike clauses; arrangements for contract negotiations; seniority provisions; management rights clauses; union recognition clauses; protection of shop stewards and delegates.

This is a procedural area of the agreement and seldom causes problems in a collective agreement. Most of the clauses in this section are standard and the procedures are generally accepted. Where unions once demanded agency, union and closed shops, the current paradigm is not conducive to such practices.

Every effort should be made to enshrine a code that allows shop stewards to function in a partnership relationship with supervisory management to provide an efficient industrial relations environment at the workplace.

c. HOURS AND STANDARDS OF WORK – this deals with hours of work including shift scheduling and the standard work week; break times; clean up periods; rest periods; lunch periods; work-load and job rates; job assignment transfers; sub-contracting; production ceilings and floors.

This section is closely allied to the economic area. Time is a significant input variable which impacts on effectiveness and contributes to the bottom line. Much emphasis is being placed on 24/7 business operations. In situations where workers were accustomed to a 40-hour week Monday to Friday, with Saturdays and Sundays as premium days, traditional trade unionists find it difficult to surrender the norm. There is also growing demand for flexible work hours and flexitime arrangements for individuals. The electronics revolution, including the cell phone and the internet, is leading to some intrusion in an employee's time off from work, as they can be accessed for workplacelated matters at almost all hours.

d. PERSONNEL ADMINISTRATION – this includes shop disciplinary rules; lays-offs and recall; retirement age; promotions and demotions; maternity leave; acting appointments; transfers and shift preferences; sick leave and other authorized leaves of absence; employee physical exams; sexual harassment prevention procedures; safety and health; recreation and other facilities.

This is a very important part of the collective agreement and speaks to the human relations aspect of industrial relations. It is an area where established codes and policies can be very helpful and remove elements of discretion and arbitrariness. For instance, in addition to the clauses in the agreement, codes and policies on discipline, promotions, sexual harassment and persons suffering from chronic diseases, can be placed as appendices to the collective agreement and can be very useful tools of human resource management at the workplace.

The negotiation of a contract with the above elements should be seen as beneficial at any workplace. An enterprise with such a body of rules and regulations and with trained industrial relations actors committed to the highest principles, should be a place of productivity and order.

4.3 Contract versus Compact

In some countries of the Caribbean, the collective agreement is a legal contract conferring legal rights and obligations on the parties to the contract. In Barbados the collective agreement is a gentleman's agreement. Employers have to transfer rights from the agreement to the workers' individual contract to make it enforceable in law.

In reality a contract is adversarial in nature, representing a compromise between the separate interests of each party to an agreement. In contrast, a compact is fundamentally a cooperative document, providing for a mutual vision and a joint system for achieving common goals that foster the general well-being of all stakeholders in a given endeavour.

Part of a 'high-road' strategy for industrial relations is a shift from the contract approach of industrial relations to a compact approach.

The negotiator is a key change agent in bringing about such a transformation. A checklist of personality features for the type of negotiator who might be a champion for change would include some of the following characteristics:

1. Extraversion and sociability;
2. An absence of arrogance and condescension;
3. Respect for others’ comments and statements;
4. Openness to others’ points of view;
5. Discriminatory judgement separating wishfulness and reality
6. A sense of humour and a balance;
7. Utmost integrity, truthfulness and a commitment to bargaining in good faith;
8. Seeking to win agreements rather than specific arguments;
9. Allowing for face-saving; and
10. Maintaining mutual respect.

The first level at which compacts should be developed is at the enterprise level. Many labour-management issues will continue to be controversial, but clearly labour and management have more in common than in conflict. Together, embracing a common vision of the future, they can join in a compact that benefits all stakeholders in our Caribbean nations.

Moving away from the view of labour as simply a cost item to be minimized and of unions as organizations to be avoided, is the first step towards the enterprise compact.

At the core of the Enterprise COMPACT may be the following provisions:

1. The union and management agree to pursue mutually established productivity growth targets;
2. Wage and compensation goals are set consistent with productivity growth in order to maintain global competitiveness;
3. Price setting in the company is subject to joint action by union and management;
4. Quality becomes a “strikeable” issue;
5. Employment security is guaranteed for the company’s workforce;
6. Extra financial rewards are provided through profit and gainsharing throughout the enterprise; and
7. The union and management agree to joint decision-making throughout the firm, including labour representation on the company’s board of directors.

The role of the negotiator in the COMPACT involvement requires the following:

1. See all negotiators as problem-solvers;
2. Goals are seen as wise outcomes reached efficiently and amicably
3. They separate the people from the problem;
4. They are soft on the people, but hard on the problems;
5. They proceed independent of trust of their opponents;
6. Exploration of interests;
7. Focus on interests, not positions;
8. Invent options for mutual gains;
9. Insists on using objective criteria;
10. Reach results based on standards, independent of will
11. Reason and be open to reason;
12. Yield to principle, not to pressure.

**Issues for Compact Negotiations**

Among the business operations which could be included in the Compact because of their overall importance to workplace well-being are:

1. Quality management
2. Strategic Planning and Forecasting
3. Budgeting
4. Ergonomics/Environmental concerns
5. Workplace design
6. Product design
7. Process planning
8. Project management
9. Maintenance
10. Marketing
11. Productivity management
12. Training
13. Customer relations/customer charters

These areas have normally been considered to be exclusively within the realm of management rights.

**4.4 ILO High Road Policies**

The International Labour Organization, through its Caribbean Office, has been examining Caribbean enterprises, which by the consensus of management and labour alike, have been moving towards the Compact model.

**Jamaica**

In Jamaica, the trade union movement has been at the forefront of developing Framework Agreements at the industrial level. In a landmark agreement, the leaders of the trade union movement in the area of Bauxite reached an agreement with management, at a time of business restructuring, to maintain job security in return for a union commitment to meet future levels of productivity in the industry. Such framework agreements are the basis of compacts to be developed at the industrial level.

**Barbados**

The Barbados Government, the Private Sector Organization of Barbados and the Congress of Trade Unions and Staff Associations of Barbados have negotiated four social compacts at the national level.

The four compacts cover the periods 1993-1995, 1995-1998, 1998-2000 and 2002-2004. Two governments: the Democratic Labour Party and the Barbados Labour Party have given their support to the compacts. The main focus has been the maintenance of sound macro-economic policies, particularly resisting devaluation of the Barbados dollar. The compacts provided at first for a wage freeze. Incomes could be improved, except in special circumstances, only by bonuses resulting from increased productivity or increased profitability.

The Barbados compact has evolved from being a response to a crisis and has developed proactive mechanisms which have a new relevance to industrial relations in Barbados. Among these are a job security
protocol; a functioning sub-committee of the social partners chaired by a Minister; and the quarterly meeting of the social partners chaired by the Prime Minister.

The most recent compact has been broadened to include non-market relations issues such as the disabled, poverty, gender relationship and other national human relations issues. It also includes the national policy on HIV/AIDS in the workplace.

Further, each of the social partners has made specific pledges and commitments to foster the spirit of social dialogue and the social compact.

**National Productivity Council - Barbados**

An Act to provide for a National Productivity Council for Barbados received the assent of the Governor-General on the 4 September 1996. Like the social partnership, the Council is tripartite. The Board of the Council comprises a chairman and eight (8) other persons appointed by the Minister of Economic Affairs.

Two directors are nominated by workers’ organizations in the private and public sectors; two are nominated by organizations representing employers or private sector interests; and one director represents professional or academic interests. The Permanent Secretary in the Ministry of Economic Affairs and the Permanent Secretary, in the Ministry of the Civil Service or their nominees are ex-officio members of the Board; the other person on the Board is the Executive Director of the Council. Traditionally, the Chairman has been an academic.

The functions of the Council are:

a. to create and develop methodologies for productivity measurement, management and improvement in the public service and the private sector;

b. to provide technical advice and assistance for devising productivity-related payment schemes;

c. to engage in consultations with any fact-finding body or arbitration tribunal on any matter related to the functions of the Council;

d. to promote and monitor all aspects of productivity growth;

e. to assist in the development of improved methods of work organization, geared to the enhancement of productivity levels;

f. to design, advise on, and conduct educational programmes;

g. to disseminate information intended to stimulate public awareness and promote understanding of the need to improve the quality of work performance nationally and in the context of international trends and standards;

h. to assist in creating a climate which would maximize the use of productivity gains in collective bargaining exercises; and

i. to do such further things that are necessary to carry out effectively the purposes of this Act.

Productivity is defined in the Act as:

“The relationship between the output generated by a production or service system and the input provided to create that output”.

Empirical research studies are indicating that between 1993 and 2000, the years of the three compacts, the industrial relations climate in Barbados benefited from few strikes, and that minimal man days were lost due to industrial action.

The Barbados situation has attracted the attention of the International Labour Organization which has mandated an empirical study on the impact of the social compact on labour-management relations in Barbados.
Guyana

Trade unionists in Guyana, under the enlightened leadership of the Trade Union Congress, has been working assiduously to create a social compact at the national level and has been advocating government and the private sector for a workable model.

In other areas of the Caribbean, trade unions are embracing the concepts of productivity and social dialogue.

4.5 Social Capital as Comparative Advantage

One of the leading requirements for the development of an environment in which compacts can flourish, is the existence of a high degree of social capital.

Social capital is like beauty, hard to define, but easy to recognize where it exists. Countries with a high degree of social capital spend large sums of money over time on education and health, and provide proper infrastructures to support the living standards of their people. This is buttressed by a super structure that provides for the rule of law, democratic processes, the enjoyment of basic human rights and other freedoms, positive self-images and chances for a long life.

In spite of the small size of the Barbados market, Barbados businessmen have generally transcended the inclination to retain family businesses and have opted to form public companies. Even those companies which started as family enclaves have since transformed to recruit staff at the highest managerial levels to provide strategic leadership for their businesses.

The Barbados public sector has also evolved against an ethos of merit, and one can easily discern a professional and managerial elite developing which owes little of its progress to ascriptive criteria like race or ethnicity, but more to merit. Leadership falls to those who display integrity and high academic and professional achievements. This creates an element of trust in the society.

The existence of a Social Partnership and an industrial relations environment characterized by a proliferation of compacts can serve as a comparative advantage for a country seeking to attract foreign direct investment, and seeking to promote trade in goods and services in a fiercely competitive arena.

The Barbados model, from its unique resistance to the IMF model of adjustment by devaluation, to its development of social compacts, is still in its early stages.

The role of the social partners in helping to defend and promote the model, especially in times of difficulties, will be critical to its evolution.

EXERCISE

1. Distinguish between a contract of service and a contract for service.

2. What factors present challenges to the development of compact negotiations?

3. How can collective bargaining contribute to the development of social capital in the enterprise?

4. Comment on the significance of ‘new’ strategies like social compacts and productivity councils in industrial relations.

5. What role should trade unions play in pension schemes which they negotiate
Section: Module 5 - Bargaining for Productivity and Competitiveness

Objectives

1. Examining the importance of productivity and competitiveness to workers’ well-being.
2. Establishing the connection between flexibility and productivity.
3. Assessing various forms of flexibility.
4. Suggesting trade union responses to flexibilization.

5.1 Productivity and Competitiveness

Historically, trade unions have been sceptical of efforts by employers to squeeze labour out of workers without paying more for the extra effort expended. Some employers used ‘speed up’ and sweatshop methods to exploit labour output.

The current environment is stressing the role of human capital, and the corollary social capital in driving productivity and competitiveness. In the work environment, the productive employee will ensure the efficient utilization of materials, money, machinery and processes to ensure that the organization reaches its goals and targets, satisfies its customers, both internal and external, maintains a safe and healthy environment, and sustains social and economic well-being.

There is an integral link between productivity and profitability, and it is accepted that productivity is the plasma of the organization's economic system. The survival of the business organization is dependant on its ability to generate profits or surpluses, however titled. In the long run, sustained profitability is the best guarantee of income security for employees.

The key to competitiveness is the willingness of customers to continue purchasing the goods and services of an enterprise at a price that will guarantee adequate returns to the stakeholders in the business enterprise.

5.2 Elements of Remuneration

Wages/salary determination is one of the major aspects of collective bargaining. The economic aspect of pay determination relates to the price at which labour will be bought and sold. The worker wants to maximize income and improve his living standards while management wants to reduce input unit costs. In terms of equity, the concept of ‘a fair day’s wage for a fair day's work’ has long been accepted.

The base rate received by workers should be able to guarantee a living wage rather than a mere subsistence wage. Periodic increases in wages should help to improve the worker’s standard of living. This base rate becomes a fixed cost of doing business. It reflects the employer’s evaluation of the worth of an employee’s job.

In addition to basic pay, employees often have access, through collective bargaining, to premium payments, such as overtime, which provide an extra source of income for the employee.

5.3 Pay Flexibility

Recent attention is being placed on results-oriented, variable payment schemes which may be defined as

“An alternative compensation system that ties pay to business outcomes and supports a participative management process.”

The schemes may be classified as follows.

Types of Payment Schemes

1. Individual (output-based), inclusive of piece work, commission, individual bonus, and individual performance-related pay.
2. Individual (input-based), including merit pay, skill-based pay, knowledge-based pay and competency-based pay.
3. Group (output-based), including productivity gainsharing, goal sharing and profit sharing.

4. Group (input-based) such as employee share ownership schemes.

5.3.1 Individual Output-based Schemes

**Piece work** has traditionally been used in areas such as garments and agriculture and is based on the number of units produced.

**Commission** is usually based on volume of sales achieved and is still useful in remunerating sales personnel.

**Individual bonus** is paid to employees who exceed some performance target that is agreed.

5.3.2. Individual Input-based Schemes

**Merit pay** is based on a performance appraisal by a supervisor and is usually folded in the employee's pay on a scalar or range system.

**Merit bonus** is paid as a lump sum.

**Skill-based pay** relates to paying employees for the number of different skills they learn and actually perform in the organization.

**Knowledge-based pay** relates to rewarding employees for acquiring expert knowledge and skill within the job category.

**Competency-based pay** relates to paying employees on the basis of competencies which are needed to drive the success of the organization. These may include personality traits, work attitudes, self concept and values, which help to motivate superior performance.

5.3.3. Group/Team-based Schemes

The following model performance-based incentive schemes have been widely utilized for productivity gain-sharing, goal-sharing and profit sharing.
MODEL 2: RUCKER PLAN

This scheme is based on a baseline ratio of labour costs to value added.

MONTHLY REPORT

1. Output (sales value of production, adjusted) 1,000,000
2. Less outside purchases e.g. materials and supplies, energy and other non-labour costs 660,000
3. Value added 340,000
4. Allowed labour costs (from historical analysis) 42% of Value Added 142,800
5. Actual labour cost (employee costs) 132,800
6. Bonus Pool 10,000
7. Employee share (50%) 5,000
8. Reserve for deficit month 1,000
9. Bonus Pool 4,000
10. Participating payroll 80,000
11. Bonus percentage 4,000/80,000 5%

MODEL 3: PROFIT SHARING

In this model, the Company agrees to contribute 10% of net profit before taxes to profit sharing bonus pool

Net profit before taxes = $50,000
Profit sharing bonus pool = 5,500
Participating payroll = 80,000
Profit sharing bonus as % of payroll = 5.25%
Thomas Clarke’s gross salary = $24,000 pa
Bonus = $24,000 x 6.25%
= $1,500
MODEL 4: IMPROSHARE

This scheme is usually applicable to a manufacturing concern where time and motion studies or accounting data are used to provide baseline standards.

GIVEN:
(1) Company X manufactures components for export sales. There are two (2) basic products: Product 1 and Product 2.
(2) There are 40 direct employees, factory workers; and 20 indirect employees, non-factory workers.
(3) The standard workweek = 40 hours.
The Work hours standard for each product = Total Production hours / Units produced

For product A, assume 20 direct employees
Product A = 20 employees x .4 hrs
1,000 units
= .6 hours per unit
or .8 x 1000
= 800 hrs

Product B = 20 employees x .4 hrs
600 units
= .6 hours per unit
or 1 x 1000
= 1000 hrs

Total standard hours (BASE PERIOD) = 1000 hrs
Total Production Hours = Total Production x Non-Production Hours
Base Productivity Factor = Total Production + Non-Production Hours
Total standard hours in Base Period

Production Hours:
40 Direct x 40 hours
= 1,600 hours
Non-Production Hours:
20 Direct x .40 hours
= 800 hours
Total hours = 2,400 hrs
Basic Productivity Factor = 2400
1600
= 1.33%

Bonus Calculation for Worker X
Product A = .6 hrs x 800 units x 1.3 = 832
Product B = 1.0 hr x 1000 units x 1.3 = 1300
Standard Hours for actual units produced = 2132
Less actual hours for period = 1500
Savings in hours = 232
Employee share = 50% of 232 = 116 = 5.5%
1929
Hours worked = 40
Hourly rate of pay = $8.00
Bonus hours = 40 x .5% = 2.2 hrs
Bonus payment = $8.00 x 2.2 hrs = $17.60
5.3.4 Employee Share Ownership Schemes

Some companies develop schemes which allow employees to gain shares in the company in preference to lump sum payments. Some countries have developed fiscal and financial plans to encourage this development.

Clever employers can use this measure as a means of providing capital for the company, without sharing real power with workers. Some may also use it to build loyalty to the company and weaken the hold of the union.

5.4 Other forms of flexibility

In addition to pay flexibility, employers are requesting unions to examine other forms of flexibility.

Job flexibility

This can take the form of requesting workers to take on a wider set of tasks; requiring them to work at tasks that are normally considered ‘above’ them, as well as those considered ‘below’ them. They may be required to move from one location to another.

Time flexibility

This includes completing 40 hours in less than 5 days; flexitime; the elimination or reduction of break time, among others.
Functional or task flexibility
This includes multi-skilling, blurring job boundaries, and the use of team work and group work.

Labour flexibility
This involves dividing the work force between core-labour, and peripheral labour. The core workers are treated to full-time, permanent work. Peripheral workers are offered an atypical work contract. This leads to numerical flexibility and attempts to reduce the numbers of the workforce.

Trade unionists need to be wary of all forms of flexibilization. While they must always be watchful of the need to be productive and competitive, they should also be aware that many of these strategies are being deliberately undertaken to weaken the trade union movement.

EXERCISE

1. Should trade unions be supportive of national strategies to improve productivity and competitiveness?

2. What factors should be taken into consideration in developing a performance related pay scheme for a company?

3. How would trade unions have to prepare themselves for productivity bargaining?

4. Are there positives for the workers in any form of flexibilization?

5. Examine the clipping below which is an employers’ view of share ownership.
Section: Module 6 - Evaluating the employee and the job

Objectives

1. To distinguish between job evaluation and performance appraisals.
2. To discuss the merits of assessment tools.

6.1 Performance Appraisals

There is still some concern among employees on the use of performance appraisals as an assessment of individual performance.

This is partly accounted for by a lack of trust between those responsible for appraising and those to be appraised. It is usually felt that supervisors may bring personal bias to the task of appraisals, and that the employee would have little recourse against a subjective evaluation.

Performance appraisals should, as far as possible, be used to assess the contribution of the employee to the organization's policies and programmes and should be linked to the individual's job description. The appraisal instrument should be discussed and agreed with the union with bargaining rights at the workplace.

Trade unions should play an active role in the development of appraisal systems in the workplace, and should try to ensure that they have a development focus, aimed at improving the human resources employed.

In developing the appraisal instrument, attention should be paid to the key success factors to be evaluated which may include knowledge, skills, competencies, targets and other variables. These should be clearly detailed and defined.

A matrix of degrees of performance should be developed, and the factors should be weighted and points awarded to the various factors.

The rating of an employee should be done by the immediate supervisor who should be knowledgeable about the employee's work through first hand observation. Sometimes this close relationship may introduce bias. One difficulty of a personal nature between supervisor and employee may colour future assessments beyond what is acceptable.

It is important that the appraisal interview should allow for frank and free discussion between the interviewer and the interviewee. It is also important that the personnel department should be able to facilitate reviews of appraisals, when requested to do so by an employee who feels aggrieved by an appraisal.

Companies should ensure that those who are responsible for conducting appraisals are well-trained, and should attempt to standardize the appraisers to ensure as far as possible that their gradings are similar.

There is a notable tendency for appraisers to adopt the central tendency in appraising. Few wish to give high or low appraisals, and prefer to place most employees in the average range. Where appraisals impact on payments, some companies use the forced distribution method, ensuring that the results fit into the standard bell curve.

Properly administered performance appraisal schemes are invaluable for determining merit increases along scales or ranges, for promotions, and in helping to make selections for lay-offs.

Trade unions have a decided role in advising their members of the value of performance appraisals, and of ensuring that any scheme adopted allows for transparency and fairness.

6.2 Job Evaluations

Job evaluation is the process of determining the relative worth of the various jobs within the organization. It is based on the following assumptions:
• that it is logical to reward the most for jobs contributing the most to the organization’s attainment of its goals;
• that people feel a sense of fairness if remuneration is based on the relative worth of jobs;
• that the goals of the organization are furthered by maintaining a job structure based on relative worth; and
• that ideally, there is some consistency between the internal structure of wage rates and the structure of wage rates in the wider society.

Benefits of Job Evaluation

There are many benefits to be derived from conducting a job evaluation:

1. It provides the basis for equality and uniformity in improved morale, motivation, and reduction in personnel turnover.
2. It provides the basis for removing anomalies in the remuneration of jobs. Such anomalies usually develop imperceptibly over time as a natural consequence of the growth and development of the organization and changes in technology.
3. By setting the question of “job worth” it can add clarity and consistency to pay progression policies related to “job holder worth”.
4. It clarifies whether personnel moves are promotions, lateral transfers or demotions.
5. It assists the organization in responding to pay levels in the wider society.
6. It provides the basis for positioning jobs whose content has changed.

Systems of Job Evaluation

The four main systems of job evaluation are:

1. job ranking
2. job classification
3. factor comparison
4. points rating.

The Points Rating System

The points rating system is most commonly used among the job evaluation systems. It usually involves the following stages:

1. Compensable factors which are common to all jobs are identified. These usually include
   a. effort
   b. responsibility
   c. problem-solving ability
   d. working conditions
2. A weighting, reflecting the importance of the factor to the organization, is allocated to each factor.
3. The varying degrees of each factor are described in writing and points are allocated to each degree.
4. Job descriptions are prepared for each job.
5. Using the job descriptions, jobs are evaluated against the various factors and points allocated for each factor, depending on the intensity of the factor in the job.

6. The total points scored for each job represents its worth.

7. Jobs are ranked according to the total points scored.

8. Job grades are established.

6.3 The union's role in job evaluations

Where the union is satisfied that a job evaluation is necessary, it has a very important role to play in ensuring that the workers understand the process, and that the results are acceptable.

Job evaluations may result from changes in technology which impact on job worth; from historical circumstances which led to anomalies, from workplace re-engineering and from other circumstances.

The union should be involved from the ground floor level in selecting the job evaluation plan to be used. They should have some say in determining the professional firm usually associated in conducting this expert function.

It is always useful if a committee, comprising management and labour, is established to oversee the evaluation. It is advisable that the union negotiator not sit on the team.

The union should hold general meetings at all stages of the evaluation process to ensure that the workers are aware of the proceedings.

They should encourage the workers to be meticulous in writing their job descriptions as this can impact heavily on the evaluation.

It is not unusual in job evaluations that some jobs are discovered to have lost job worth and are consequently downgraded. The union has to develop a strategy to satisfy the job holders.

Job evaluations can sometimes take more time than was anticipated. The union, at the start, should insist on an effective date for the implementation of the scheme, in order to safeguard any issues about retroactivity for pay purposes. The union should try to keep the process on a tight time frame.

It can be anticipated that job evaluations will increase in importance as jobs are changing rapidly in a globalizing environment. It is essential that workers' representatives should develop their skills and knowledge of the process.

EXERCISE

1. List key success factors in the following jobs (a) cashier (b) mechanic (c) policeman (d) fireman (e) teacher.

2. How can performance appraisals help to develop employees?

3. How can the value of a job (a) improve (b) decline?

4. Should all jobs in a labour market be evaluated?
Section: Module 7 - Contract Administration Servicing of Collective Agreements

Objectives
1. To examine the rights and responsibilities of employees
2. To focus on the role and process of grievance handling
3. To develop an understanding of the role of discipline in the workplace
4. To examine redundancy and termination issues.

The day-to-day administration of the labour/management agreements play an integral and significant part in the broad collective bargaining process. The grievance process in particular, along with any joint problem-solving committees, is the focal point for union-management relationships during the period between the signing of a contract and the time for its renegotiation.

7.1 Rights and Responsibilities

A right can be considered as ‘a just or legal claim to title’, that which is due by law, tradition or nature. A responsibility is a duty, an obligation or a burden.

Trade union rights enjoyed by workers derive from a multitude of sources, including international conventions, national constitutions, statute law, the collective agreement, custom and practice, and the common law.

At the same time, workers have responsibilities which derive mainly from the employment contract.

The main responsibilities of employees are summarized below:

1. To perform his/her work with reasonable skill.
2. To exercise reasonable care in the performance of his/her duties
3. To serve his/her employer with good faith
4. To protect his/her employer's confidential information.
5. To account for his/her employer's property placed in his/her charge
6. To be willing and ready to serve in his/her job function.
7. To indemnify his/her employer for damage or injury for which the employer becomes liable to a third party as a result of the employee's failure to exercise reasonable skill or take reasonable care.

7.2 Grievances

Definition

Grievances are defined as breaches of the collective agreement, custom and practice, the statute law, common law, natural justice or as any problem of a sufficient nature to cause a disturbance of the workplace equilibrium.

It is usually considered that a grievance moves to the dispute stage once a shop steward becomes involved in the process of grievance handling.

Some grievances are individual, others are group grievances. Some are symptomatic, others are deeply-rooted. Some are rights grievances, others are interest grievances. Rights grievances speak to the breach of an established right; interest grievances relate to a dispute about an attempt at creating a new right.

Major causes of grievances

The major causes of grievances have been discovered to be:

1. Loose, faulty or ambiguous contract language
2. Management strategy to undermine the union
3. Union strategies
4. The prevailing social and political environment
5. Historical factors
6. Faulty systems
7. Lack of appropriate codes and processes.

Investigating a grievance

Grievance handling requires investigative skills and skills of advocacy. One of the major issues in the investigation is to determine what is the breach of the employee's right.

Once it is established that a breach has occurred, then a report should be prepared based on the use of the five 'w's':

1. Who were involved?
2. When did the breach occur?
3. Why did the breach occur?
4. Where did the breach occur?
5. What happened?

It is usually agreed that action will not be taken on any breach until the full grievance procedure is utilized, giving the person whose right has been breached, full opportunity to ventilate concerns.

A grievance procedure should provide a formal framework, setting limits on the arbitrary exercise of management authority and power.

Grievance Handling Procedures

1. The person aggrieved raises the issue with the immediate supervisor;
2. Failing settlement, the matter is referred to a manager;
3. Failing settlement, the aggrieved workers can refer the issue to the shop steward;
4. The shop steward or delegate can enter the case and request a meeting with the manager or someone from the personnel or human resource department;
5. Failing the above, a senior trade union official can intervene;
6. Failure at the domestic level can lead to a third party intervention eg an employers’ federation (in some countries eg Trinidad and Tobago, Antigua and Barbuda and Jamaica, there are industrial courts or industrial tribunals);
7. The final stage is conciliation or arbitration.

Grievance handling requires skills of advocacy and can be considered to be semi-judicial in nature.

The grievance handler should try to set time limits for the resolution of grievances, should ensure that the person to make the decision on the grievance is competent to decide and free of bias, and should develop a menu of solutions- a variety of options to decide on the outcome.
Discipline

Discipline is a control mechanism employed to ensure compliance with organizational objectives. It is used to control those who deviate from performance and behavioural standards.

There are three stages in the development of a disciplinary process:

1. legislative
2. administrative and
3. interpretive.

Trade unions should be involved in the legislative stage, to ensure that the disciplinary code that is devised is acceptable. They must be involved at the administrative and interpretive stages to ensure that workers are treated fairly.

In developing a disciplinary code, there are usually two approaches. The code can be seen as punitive. Alternatively, it can emphasize a corrective and developmental approach.

Most codes distinguish between infractions which constitute minor misconduct, and which will attract verbal or written warnings, as against gross or serious misconduct which may attract severe discipline including summary dismissal.

Dismissal

Dismissal is the ultimate sanction and is seen as retributive. Dismissal can be with notice; it can also be summary, without notice or payment in lieu of notice; or instant, but may include pay in lieu of notice.

Constructive dismissal relates to a situation where an employee is unable to perform a job function through employer obstruction.

Dismissal is considered to be fair where there is clear evidence that the employee:

1. is incapable of performing the job through lack of qualification, capability or health;
2. conducts himself/herself in such a way as to breach the contract of employment;
3. is redundant;
4. contravenes the law in such a way as to make continued employment untenable.

When addressing the ‘fairness’ of the punishment, questions should be raised on:

1. Were proper procedures followed?
2. Were similar breaches condoned in the past?
3. Was all admissible evidence allowed?
4. Was the dismissal for an admissible reason?
5. Did the offence or the employee’s record justify dismissal as a suitable sanction?

Punishments

Except for cases where the total sanction of dismissal is required – there are several lesser punishments such as warnings, transfers, demotions, fines and deductions from pay, which can help to keep the employee on the payroll.

Where dismissals are shown to be unfair, demands can be made for reinstatement, or re-engagement, or for compensation.
Redundancy

Redundancy occurs where changes in the organization results in the displacement of labour or changes the nature of work significantly.

The legal definition of redundancy usually relates to situations where:

1. the employer ceases to carry on the business, and the business closes in the place where the employee was employed
2. requirements of the business have ceased or diminished or are expected to cease or diminish for a variety of reasons - natural, economic or technological.

Some countries have provided legislation to deal with redundancies where others have not. Whether or not the law provides for redundancy, trade unions should negotiate such provisions within collective agreements.

The modern period is witnessing mergers, amalgamations, buyouts and other strategies which create conditions for redundancies.

The trade union should try to create an environment where workers’ employment is protected. At the same time, it should provide for those who do not wish their services to be transferred from employer to employer in a unilateral way.

There are three main phases for trade union involvement in redundancy situations:

1. Where it is anticipated that redundancies will occur, it should be discussed, along with possible alternative approaches. There must be a determination of manpower needs.
2. Once it is decided that redundancy is inevitable, there should be agreement on the selection of employees to be made redundant, the level of compensation to be paid, and the provision of assistance to redundant employees.
3. Finally, the individual employee targeted for redundancy must be notified and counselled in a sensitive and mature manner.

Role of the Shop Steward

The union elected shop steward or delegate has a special role in terms of contract administration and grievance handling. By educating work colleagues about the contract, the shop steward can help to ensure that workers are aware of the terms and conditions under which they are employed. The shop steward also alerts union staff members of difficulties which are likely to lead to grievances at the workplace.

The delegate should be highly trained in industrial relations matters as both a negotiator and an advocate. Trained, respected and effective shop stewards are able to solve grievances even before they reach the level of the union. Such shop stewards are usually effective communicators. They hold meetings with members at the workplace. They invite union staff to the workplace.

They constantly seek training and re-training programmes offered by the union.

Contractual clauses under which grievances constantly seem to arise usually need careful examination and correction.

Protection of the Shop Steward

ILO Convention No. 135, and ILO Recommendation No. 143 concern the Protection and Facilities to be afforded to workers’ representatives in the undertaking.

Workers’ representatives in the undertaking shall enjoy effective protection against any act prejudicial to them, including dismissal, based on their status or activities as a workers’ representative or on union membership or participation in union activities, in so far as they act in conformity with existing laws or collective agreements or other jointly agreed arrangements. (Article 1, Convention No. 135).
It is usually agreed that a shop steward, while in a duly constituted meeting representing a member, is not subject to discipline, unless the shop steward behaves in a way that offends fundamental principles.

The cut and thrust of advocacy will allow the use of vigorous debate, and strong language may be used, once they remain within the bounds of decorum and decency.

1. Workers’ representatives in the undertaking should be afforded the necessary time off from work, without loss of pay or social and fringe benefits for carrying out their representation functions in the undertaking.

2. In order to enable them to carry out their functions effectively, workers’ representatives should be afforded the necessary time off for attending trade union meetings, training courses, seminars, congresses and conferences. (Paragraphs 10 and 11, Recommendation No. 143)

Apart from the grievance handling process, other committees may be included in the agreement to assist with contract administration. They include committees for

1. Safety and Health
2. Works Council
3. Productivity Enhancement Committees

**EXERCISE**

1. What are the duties of the employer to his employees?
2. What management rights are usually included in collective agreements?
3. To what extent is behaviour and performance in the workplace dependent on trust between employers and employees?
4. Develop a draft disciplinary code.
5. Create a format for the recording of grievances for use by a grievance officer.
6. What skills should a grievance officer possess?
7. What role can Safety and Health Committees, Works Councils and Productivity Enhancement Committees play in making the enterprise more competitive?
Section: Module 8 - A Simulation Exercise

In the following simulation exercise participants are required to volunteer to perform as (a) Management and (b) the Union negotiating teams.

All participants, including the negotiating team have access to the financial information and the proposals submitted.

However, the management team is given a brief that is not shared with the union and vice-versa.

During the simulation participants are given copies of both briefs.

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<thead>
<tr>
<th>NEOTIATION OF WAGE INCREASES AT JAMBOX CORPORATION</th>
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<tr>
<td>Financial Information</td>
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<td>Labour Costs</td>
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1997-09-01
The General Manager
Jambox Corporation
Smith Road
SMITHTOWN

Dear Sir

I am directed by the Executive Council of the Jambox and Allied Union to submit the following proposals to review the collective agreement between our two parties.

1. Period of Agreement : 2 years
2. Effective Date : 1998-01-01
3. Salaries/Wages
   1. The basic salaries/wages and allowances
shall be increased by 20%.

2. A performance related pay scheme shall be introduced (SCANLON MODEL).

3. The Corporation shall introduce non-contributory pension and health care schemes for all workers.

We stand ready to begin these negotiations and suggest a date to meet at our headquarters.

Yours faithfully

**Tom Jones**

Tom Jones
General Secretary
Jambox & Allied Union
Section: Module 9 - Case Studies

Two cases have been selected for analysis: THE PICO AFFAIR and BARCASTLE LIMITED

In studying the two cases concentrate on the following:

1. What are the main problems/issues addressed in the case?
2. Identify the role of management in relation to the problem.
3. Identify the role of the worker or workers in relation to the problem.
4. Identify the role of the union in relation to the problem.
5. Are there other problems, either internal or external to the company to be considered?
6. Suggest possible solutions for a positive outcome.

9.1 Case Study #1:

THE PICO AFFAIR

The Commercial Technical and Allied Workers’ Union (CTAWU), a general workers’ union in St Vincent and the Grenadines had succeeded in organizing the workers at PICO Ltd., a garment factory which had been operating in the country for some three years. At the time, the company employed a total of 136 workers, mainly female, in respect of whom a collective agreement had previously been concluded. Negotiations had commenced in January 1984 on a second agreement to replace the original one.

Following are some of the key developments occurring subsequent to the negotiations:

i. Subsequent to the negotiations, the company dismissed Ms Louise Glasgow (a shop steward of the union) for allegedly:
   a. leaving her work and going outside of the factory before the 10 o’clock break had arrived;
   b. disobeying an order given by the Quality Control Manager (this caused her dismissal); and
   c. abusing the Quality Control Manager after working hours (this led to her dismissal).

Ms Glasgow who had been employed for about three years was known to be a very good worker and had been instrumental in organizing the workers.

ii. The union accused the company of “unfair dismissal” and the matter was reported to the Labour Commissioner for conciliation;

iii. About three days before the Labour Commissioner was due to commence the hearing, some members of the union picketed the company’s premises, reportedly in a disorderly manner, harassing management in the process;

iv. Before the “hearing” could be completed, the President of the company flew into the country and closed down operations in February 1984, on account of the union’s demand for unconditional reinstatement of Ms Glasgow, and the harassment of management by the picketing workers;

v. Evidence presented during the “hearing” suggested:
   a. that Ms Glasgow had actually taken her break after the clock struck 10 o’clock;
   b. Ms Glasgow admitted disobeying the order given by the Quality Control Manager;
   c. Ms Glasgow had never disobeyed orders before even from the said manager;
   d. the Quality Control Manager admitted that the order given to Ms Glasgow (namely the counting of rejected units) had never been given to anyone at the factory before.
vi. The Labour Commissioner found that the charge on which the dismissal was actually based was not “adequately substantiated”. He also condemned as unjustified the reported action of harassment of management by the workers;

vii. Early in March the company held discussions with the Minister of Labour on possibilities of recommencing operations. Management made clear its intention not to have any negotiations with the union. Furthermore, all former workers would have to re-apply for employment, and choose a union other than the CTAWU.

9.2 Case Study #2

BARCASTLE LTD.

On his return to work from leave on January 11, 1988, Mr Henry Smith, Personnel Manager of Barcastle Ltd in Barbados, knew that he would be forced to make an urgent decision. He had visited the company for a short while on Friday, January 8, 1988, when the General Manager (Ag), Mr St Clair Brewster, informed him that he had suspended Mr Timothy James, a production worker and shop steward, for the remainder of that day for refusing to comply with a managerial request.

After officially discussing the incident with Mr Brewster and other members of the Management team at Barcastle Ltd, Mr Smith invited Timothy to explain the circumstances surrounding his suspension. Not only had Timothy refused to comment, but the President of the “local” union, Mr John Francis, who had accompanied Timothy, informed Mr Smith that the issue had been referred to the National Workers’ Union.

Mr Smith referred James to Section 4 of the Code of Discipline (See Exhibit I-III) for selected articles from the Collective Agreement) and informed Timothy that his suspension would remain effective until the circumstances were investigated.

Mr Smith wanted to have this issue settled quickly. Yet, he wanted to be sure that he could defend any action taken by the company. He wrote the Union the following day, explaining briefly the circumstances of Timothy’s suspension, and requested a meeting.

General Company Background

Barcastle Ltd, was a public company registered in 1959. It commenced operations in September 1961. It manufactured a select range of products sold on the local market. The company had a generally high public profile both in terms of the quality of its products and their popularity with consumers, and its level of involvement in and support for community activities.

In 1987, Barcastle Ltd employed one hundred and ten (110) persons, twenty five (25) of whom constituted the clerical, administrative and professional staff. Eighty five (85) workers were employed in the three (3) sections of its production department. Relations with the workers and their union had been generally cordial. The company concluded its first collective agreement with the union in 1970.

The Conversion Department

The conversion department received and processed the raw material for the final product. Because of the nature of the company’s product, a high premium was placed on the maintenance of hygienic conditions in this and other departments.

Twenty two (22) employees worked on a three-shift system in the conversion department. The standard shifts were 7.00 a.m. - 3.00 p.m.; 3.00 p.m. - 10.00 p.m. and 10.00 p.m. - 7.00 a.m. There was a superintendent, assisted by shift-supervisors, shift assistant supervisors and shift relief supervisors in different areas of the conversion department. Two operators also worked on each of the three shifts.

The activities performed in this department were critical to the quality of the final product. At the lowest level of the production line, the raw materials were received in bulk and fed into a bin, from which it is fed through a conveyor belt into the boiler section of the plant for processing. The semi finished product passed through different stages before final packaging.
The Incident - Suspension of Timothy James

Timothy James worked at the beginning of the production line in the raw material handling section of the department. He had joined the company in 1969 as a casual worker in the packaging department. In 1972 he was transferred to the conversion department. In December 1972, he was warned for sleeping on the job. In February 1973, he was given a raise in pay on satisfactory completion of training. Nothing extraordinary seemed to have characterised his work history up until 1984, when he received the company’s fifteen (15) year award. The conferral of such an award meant that Timothy no longer had to “clock-in or out”.

As part of their normal routine duties, operators were required to keep the area around the bin free from extraneous matter. Each operator was required to perform that duty once every six (6) weeks for a week.

On Friday, January 8, 1988, Leroy Drakes, the shift supervisor on Timothy’s shift, noticed that there was extraneous matter around the bin. Drakes twice drew the above to his attention. When Timothy refused to comply, the shift supervisor drew the matter to the attention of the Departmental Superintendent, Mr Edward Jacobs. The latter requested Timothy to perform the function, but he again refused. Jacobs then reported the incident to St Clair Brewster, who as (Ag) General Manager, was also a Company Director and the Plant Manager.

Mr Brewster, in the presence of both Messrs Drakes and Jacobs, instructed Timothy James that if he had no intention to performing the function, he (James) would be suspended, pending investigation. James was advised by Brewster to “go home” and to return to work on the following day. James complied.

The Personnel Manager requested James to see him since he wanted to have the matter resolved before further conflict developed. Mr Smith was aware that stocks of the company’s products were low as a result of the heavy sales during the previous month. An interruption in production was therefore not in the company’s best interests.

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**EXHIBIT II
BARCASTLE LTD**

<table>
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<th>Code of Discipline Sections 4 and 5</th>
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<tr>
<td><strong>DISCIPLINARY ACTION</strong></td>
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<tr>
<td><strong>OFFENCE</strong></td>
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<tr>
<td>4. Insubordination or rudeness</td>
</tr>
<tr>
<td>5. Wilful disobedience of reasonable instructions</td>
</tr>
</tbody>
</table>
EXHIBIT III
BARCASTLE LTD

Management’s Rights Clause

1. Employees are obligated to carry out their immediate Supervisor’s instructions.

2. The Company offers employment and will pay for same on the understanding that a standard is produced in return for the wage paid. It is understood that the general duty of all is to produce the best possible products according to modern standards of hygiene and to offer the utmost satisfaction to the general public.

3. The Union recognises the exclusive right of the Company to organise, conduct, and manage their operations to provide for efficiency and to perform other functions of Management such as, but not limited to, the introduction of technical improvement, to modify or cease operations, to designate the type of work and the manner in which it is to be accomplished provided however, that in the exercise of these rights this agreement is in no way violated and further provided that the Union may at any time raise any matter with Management in the scope of this agreement.

4. The Company has the right at the discretion of Management to engage, retrench, promote, demote, transfer, reprimand, suspend employees and dismiss them for cause. The Union will be informed of proposed or intended retrenchments.

Procedure for the avoidance and settlement of disputes

1. All requests, complaints and differences must, in the first instance, be discussed with his/her immediate Supervisor, by the worker immediately concerned.

2. After the procedure laid down in Paragraph 1 above has been carried out, and if no satisfactory settlement has been arrived at, the Delegate shall enter into discussion with the Supervisor, before any disciplinary action is carried out.

3. Failing settlement under Paragraph 2 above, Management shall be contacted and will investigate the problem in consultation with the worker, the Supervisor and Delegates.

4. Failing settlement under Paragraph 3 above, deputations of workers who may be accompanied by an Officer of the Trade Union shall be received by the Employer without unreasonable delay, for the mutual discussion of any question in the settlement of which both parties are concerned.

5. Failing settlement under the above Paragraph 4, it shall be competent for either party to bring the question before a joint conference to be held between the Company and the Trade Union. Such a joint conference shall be held within seven (7) working days, unless otherwise mutually agreed upon, from the receipt of the application by the Secretary of the Company or the Secretary of the Trade Union.

6. Failing settlement under Paragraph 5 above, either side may request the Barbados Employers’ Confederation to convene a joint conference to further discuss the matters in dispute.

7. Failing settlement at the joint conference, under the above Paragraph of any question brought before it, it shall be competent for either party to refer the question to the Chief Labour Officer for conciliation.
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INTRODUCTION

Section: THE NEW HUMAN RESOURCE (HR) FUNCTIONS

The human resource function within the private and public sectors is undergoing a transformation. The new function will be one of a transformational role versus a transactional role. The transactional manager can get things done through others by the traditional activities of planning, organizing, monitoring and controlling, without worrying too much about how people are coping and what goes on inside their heads. On the other Hand, transformational managers are concerned with not only these things, but with what people are thinking and feeling and how these issues are linked to the environment, to the enterprise, and to the job.

The work of the “new HR” will see human resources playing a more strategic role in the business of the organization. The Towers Perrin study (1992), as reported by Conner and Ulrich, 1992) reports that companies that gain competitive advantage from existing or yet-to-be discovered initiatives will be those that successfully forge business partnerships between Human Resource (HR) professionals and line managers to integrate HR capabilities with business needs. As we progress through the 21st century, HR professionals will become partners with line managers to achieve the strategic goals of the enterprise. To improve the effectiveness and have greater impact, the HR professional must understand how to add value in the organization by helping line managers align HR strategies, processes and practices with business needs. This will require HR professionals to perform increasingly complex and at times paradoxical roles as reflected in this manual.

What roles would HR professionals have to play to help make the company more competitive and effective? Many factors have led to the reinvention of human resources - cost pressures, increased attention to customer satisfaction, emphasis on well-being, productivity and commitment of the employee, and using people and organizations as a source of competitive advantage (Towers Perrin, 1992; Ulrich & Lake, 1990; Schuler & Walker, 1990).

Conner and Ulrich (1996) reports that the Towers Perrin world wide study (1992) showed that human resources in this century will be responsive to a highly competitive market place and global business structure; closely linked to business strategic plans, focused on quality, customer service, productivity, employee involvement, teamwork and workforce flexibility, jointly conceived and implemented by line and HR managers. The message from this study is that human resources is being transformed from a specialized stand-al function to a broad corporate competency in which HR and line managers build partnerships to gain competitive advantage and achieve overall business goals.
Section: NEW PRIORITIES

Fisher (1989) as cited by Conner and Ulrich (1996) points out that most of the work contributed by HR professionals still consists of traditional personnel administration activities and that strategic human resource management (HRM) is taking place presently at the corporate level. Human resource management in the Caribbean is taking on a new significance. A number of professionals are being included in strategic decision making, sitting on powerful boards and reporting directly to the highest executive levels.

In order for the enterprise to improve its performance and create competitive advantage, human resources must focus its attention on a new set of priorities (see Table 1). According to Conner and Ulrich (1996), these priorities are more business issue-oriented and less oriented to the traditional functional HR specialities, such as compensation, benefits, staffing and appraisals. Strategic priorities such as fostering teamwork across functional units, building a customer service mindset to meet higher levels of responsiveness expected by consumers and retailers; identifying new skills and competencies and global expansion, are capturing the attention of HR professionals around the world (Conner & Ulrich, 1996).

Section: NEW ROLES & COMPETENCIES

Walker (1994) as reported by Conner and Ulrich (1996) states that the roles of HR professionals appear to focus on four major areas: support, service, consulting and leadership. However, according to Walker, most HR professionals spend time in the support and service roles as compared to the consulting and leadership roles. Walker further states that enterprises want to emphasise the consulting and leadership roles. Module 2 has attempted to address these issues in a contextual manner as well as graphically (see Figure 3).

Schuler (1994) states that linking HR strategy and business strategy is a major role for human resources today. Schuler further states that HR professionals need to spend time understanding: the business strategy, competitors, technologies and customers to help the firm gain competitive advantage. In order to accomplish this, they need to use activities that link with each other, link with the needs of the business and become more customer focused. Again, Module 2 of this manual has attempted to address these issues from a Caribbean perspective.

Schuler (1990) presents six new HR roles based on where HR people spend time: (1) businessperson, (2) shaper of change, (3) consultant to an organization/partner to line strategy formulation and implementation, (4) talent manager, (5) asset manager, and (6) cost controller. Based on this analysis, Table 1 is provided to facilitate a better understanding of the strategic HR focus and competency, which HR professionals must be committed to in this century, if they are to make any significant impact on organizational efficiency, competitiveness and profitability. The term competency refers to any skill, knowledge or personal attribute that is critical to being an effective and successful performer in a given position. Competencies are future focused and are linked to the strategic direction of the enterprise.
### Table 1: 21st Century Focus and Priorities of Human Resource Practitioners

<table>
<thead>
<tr>
<th>KEY CONCEPTS</th>
<th>HR PRIORITIES</th>
<th>FURTHER READING</th>
</tr>
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</table>
| HR is a major player in creating organizational capability.                   | • Development of people and organizations.  
• Leveraging competencies.  
• Managing learning linkages.  
• Building organizational work redesign capabilities.  
• Leadership development.                                                   | Lawler (1995)     |
| HR has a new “Strategic Agenda”                                               | • External customer satisfaction.  
• Horizontal process management.  
• Management and change.  
• Teamwork capability.  
| HR actions gain importance for creating competitive advantage.                | • Business direction/problems/plans.  
• Rewarding employees for customer service/quality.  
| HR issues are people related business issues.                                 | • Managing for employee competence.  
• Managing workforce flexibility.  
• Managing for enhance competitiveness.  
| HR areas have great impact on organization performance.                       | • Leadership.  
• Organisation culture.  
• Strategy in the management of HR.                                           | Geerglades (1990).                                                                         |

**Source:** Conner and Ulrich (1996). Human resource roles: Creating value not rhetoric.  
[http://home.gwu.edu/~stephenw/roles.htm](http://home.gwu.edu/~stephenw/roles.htm)
Section: Who are HR Professionals?
For the purposes of this manual, HR professionals are those persons whose major responsibilities involve those activities outlined in Figure 3 and who provide expert human resource management advice to organisations. These persons may hold the following positions: Director, HR managers, HR consultants, Organization Development (OD) consultants and Industrial Relations (IR) managers and consultants.

Section: Manual Objectives
This manual is a project of Programme for the Promotion of Management Labour Cooperation (PROMALCO) and is developed in response to the feedback and recommendations from participants who attended the Enterprise Forum meetings held in Trinidad and Tobago and Jamaica between 2001 and 2003. The manual consists of three (3) modules:
1. Key Human Resource Variables impacting on human resource effectiveness
2. Human Resource Management Competency Skills
3. Human Resource Strategies
It seeks specifically to:
- Identify the major variables impacting on human resource effectiveness in an ever-increasing competitive business.
- Examine the human resource management competencies required to add value to organizational productivity and profitability.
- Develop a generic HR strategy that responds to the needs of the enterprise as well as its human resources.

Section: TARGET GROUPS:
This manual is intended for all human resources professionals as well as those persons who are responsible for training human resource management personnel in employer organisations.

Section: HOW TO USE THIS MANUAL:
- Human resource professionals who wish to better understand their role and those variables impacting on their effectiveness; to improve their competency skills in any of the three modules, should find this manual a useful source of reference.
- New entrants to the field of human resources management should find this manual a practical source of reference and guide in their search for renewed confidence and improved competency.
- Persons who are responsible for developing and implementing training programmes in human resource management in enterprises or employer based organisations may use the manual as a practical guide for HRM advocacy.

Section: EXPECTED OUTCOMES:
Users are expected to:
- Learn how to better face the challenges of a demanding and changing work environment with confidence and improved competency skills.
- Learn to better appreciate and understand those variables that are critical to the effective functioning of human resource management.

Become more effective advocates of human resource management and contribute more to organizational effectiveness and profitability.
MAJOR VARIABLES IMPACTING ON HR MANAGEMENT EFFECTIVENESS

OBJECTIVE: To explore the major variables impacting on human resource management effectiveness in an ever increasing competitive business environment.

Human resources management is one of the major elements of business operations. Its impact and effectiveness on the overall business is dependent on the treatment and outcomes of the many variables characterising its activities. This module therefore seeks to examine the components of each of the major variables – strategic management, workplace planning and employment, human resource development, compensation and benefit management and employee and industrial relations (see Figure 2). The discussions to be followed give a generic reflection of the concepts and principles of human resources management within the above stated parameters. However the application of such principles and practices must be interpreted and applied within the Caribbean context.

STRATEGIC MANAGEMENT

Strategy can be formulated on three different levels:
- Corporate level
- Business unit level
- Functional or departmental level

While strategy may be about competing and surviving as a firm, one can argue that products, not firms compete, and products are developed by business units. The role of the firm then is to manage its business units and products so that each is competitive and so that each contributes to corporate purposes.

Consider Goddard Enterprises Limited, (a successful regional conglomerate based in Barbados) that pursues profits through a range of businesses in unrelated industries. Goddard Enterprises has five core business segments:
- Airline Catering
- Import Distribution/Marketing
- Manufacturing & Services
- Motor Vehicle Sales & Services
- Finance and Insurance

While the firm must manage its portfolio of businesses to grow and survive, the success of a diversified firm like Goddard depends upon its ability to manage each of its business/product segments. While there is no single competitor to Goddard Enterprises, one can talk about the competitors and strategy of each of its business units.

Corporate Level Strategy

Corporate level strategy fundamentally is concerned with the selection of businesses in which the firm should compete and with the development and coordination of that portfolio of businesses.

Corporate level strategy is concerned with:
- **Reach** – defining the issues that are corporate responsibilities; these might include identifying the overall goals of the firm, the types of businesses in which the firm should be involved, and the way in which businesses will be integrated and managed. These usually form a part of the company’s mission statement.
- **Competitive Contact** – defining where the firm’s competition is to be localised. The case of Sagicor Financial Corporation (the name of the new company arising out of the Mutual Life and Life of Barbados merger) and First Caribbean International Bank (the name of the new Bank arising out
of the merger between CIBC and Barclays Bank) are model cases that should be examined in the context of the Caribbean Single Market and Economy.

- **Managing Activities and Business Interrelationships** - Corporate strategy seeks to develop synergies by sharing and coordinating staff and other resources across business units, investing financial resources across business units, and using business units to complement other corporate business activities.

- **Management Practices** - Firms decide how business units are to be governed: through direct corporate intervention (centralisation) or through more or less autonomous governance (decentralisation) that relies on persuasion and rewards.

Firms are responsible for creating value through their businesses. They do so by managing their portfolio of businesses, ensuring that the businesses are successful over the long-term, developing business units, and sometimes ensuring that each business is compatible with others in the portfolio.

**Business Unit Level Strategy**

A strategic business unit may be a division, product line, or other profit centre that can be planned independently from other business units of the firm. At the business unit, the strategic issues are less about the coordination of operating units and more about developing and sustaining a competitive advantage for the goods and services that are produced. At the business level, the strategy formulation phase deals with:

- Positioning the business against rivals
- Anticipating changes in demand and technologies and adjusting the strategy to accommodate them.
- Influencing the nature of competition through strategic actions such as vertical integration and through political actions such as lobbying.

Porter (1998) identified three generic strategies (cost leadership, differentiation, and focus) that can be implemented at the business unit level to create a competitive advantage and to defend them against the adverse effects of other forces. If human resource professionals are to successfully integrate peoples' thinking and feelings to the jobs, enterprise and environment, they must be able to appreciate and understand how these generic strategies are formulated and function.

**Functional or Departmental Level Strategy**

The functional level of the organization is the level of the operating divisions and departments. The strategic issues at the functional level are related to business processes and the value chain. Functional level strategies in marketing, finance, operations, human resources and R&D involve the development and coordination of resources through which business unit level strategies can be executed efficiently and effectively. The human resource professionals' involvement in putting together other functional areas strategies is critical to the overall success and should be encouraged.

Functional units of an organization are involved in higher-level strategies by providing input into the business unit level and corporate level strategy, such as providing information on resources and capabilities on which the higher-level strategies can be based. Once the higher-level strategy is developed, the functional units translate it into discrete action-plans that each department or division must accomplish for the strategy to succeed.

**Human Resource Management as a Strategic Tool**

Human resource management (HRM) has been identified as an effective strategic tool that helps firms formulate and implement their business strategies and further improve their performance (Lengnick-Hall & Lengnick-Hall 1988; Pfeffer 1994; Schuler & Jackson 1987; Taylor, Beechler, & Napier 1996; Wright & McMahan 1992). Human resources and HR techniques are considered to generate and sustain competitive advantage in the increasingly globalise market because they are not easily and quickly replicated or imitated by competitors (Barney 1991). Recent research has shown that while competitors may imitate technology, economies of scale and scope, and other resources traditionally used in strategy studies, complex social structures such as human resource management systems and workforce culture are difficult to copy (Barney, 1986; Becker & Gerhart, 1996). In particular, human resource management (HRM) has been increasingly considered a key-differentiating factor between the winners and losers in multi-national corporations (MNCs) since the 1990s. Twomey & Harris (2000) state that it is from this perspective, human resource systems and
Strategic management generally is the process and activities used to achieve organizational goals and objectives through the systematic integration of HR practices and policies to meet the short to long-range organizational needs and opportunities; effectively marketing HR functions to guide and lead the change process and to evaluate human resources’ contribution to organizational effectiveness. It promotes visionary and transformational leadership and focuses on marketing techniques to convey the message throughout the organisation.

A key objective of human resource strategic management is to seek to integrate the organization’s goals with those of employees. When the organisational goals are similar in principle to those of the employees, integration can be achieved. If for example, employees want to be remunerated at a cost greater than the business can absorb and at a price, which will affect the competitiveness of the products or services, then it is not possible to have such integration. However, if the employees’ goal is to share in the profits of the business after he/she is “reasonably” paid for his /her labour services (see compensation and benefit management section of this module), it is highly possible for the organisation to integrate such a goal with its own, since both “partners” stand to gain. If employees’ expectations are greater than those, which the organisation can realistically fulfil, it is not possible to have integration. The absence of such integration fosters a relationship based on adversarial approach.

The effective Human Resource Professionals will seek therefore to:

- Interpret information related to the organisation’s operations from internal and external sources including financial/accounting, operations, information technology, sales and marketing in order to participate in strategic planning and policy making.

This virtually means that HR professionals must have basic working knowledge of finance and accounting, sales and marketing, information technology and operations. Such knowledge is not necessarily obtained through institutional learning, but can be sourced on the job by working closely with the experts in the respective field, as well as developing an interest in being self-taught in these subject areas. Obviously, this will be made possible only if the HR professionals are keen in having such knowledge and wanting to make a difference. Such knowledge will provide you with the confidence to step out of the “HR box” when making contributions at the corporate table.

- Interpret information related to the general business environment.

Again, to be a successful human resource professional, it is important to have a good appreciation and understanding of the business environment within which your enterprise operates. Having a good understanding of the business environment puts you in an advantageous position to anticipate as well as to appropriately react to changes impacting on other areas of the business but having potential human resource impact. There is the internal environment, which is comprised of composite structures, values, culture, policies and practices. The external environment would for example, comprise of the markets, suppliers, customers, competitors, government policies, regional and international trade agreements. (See Appendix B) The functioning of these and others will have their impact, the results of which will provide opportunities, threats or challenges for your company. Effective and timely interpretation of these and the trends that are likely to emerge must be critical to the human resource professional who wants to add value to his/her organisation.

- Participate as a partner in the organisation’s strategic planning process.

Being a business partner signifies a high level of responsibility as well as a well-rounded knowledge base of the enterprise. This high level of responsibility and knowledge base usually accompanied by a high level of respect and integrity to which one is held accountable for by seniors, peers and juniors within the enterprise.

Traditionally, HR professionals were not seen to be in the same league as their counterparts- for example, in finance, sales and marketing, operations or Information technology, because of the perceived lower value placed on their contributions to the enterprise. However, there has been a paradigm shift and organisations have come to realise that a firm’s competitiveness does not rest on the products: instead it is on the quality
of the human resource inputs. Accordingly, enterprises are becoming more concerned about people's thinking, their feelings and needs and how these things impact on their jobs, the enterprise and the environment. Because of this, human resource professional's role is being elevated and is now being treated as a partner in the enterprise's strategic planning. Not all HR professionals may experience this elevated status. It is one that has to be earned, as the biases are still present in a number of firms. It is true to say though, that once the HR professional is committed to stepping out of the HR box, show strong competency in portfolio responsibilities, and focus in adding value, recognition will be assured.

- **Establish strategic relationships with individuals in the organization to influence organization decision-making.**

Many HR professionals will argue that success in developing HR programmes and strategies is riveted in the professionals' ability to influence their partners at the “table” and build a cohesive working relationship. The level of respect and trust that HR professionals take to the organisation; the value that practitioners can add to each divisional objective and the overarching objectives of the enterprise, drive such influence (see how to build trust - Appendix D).

Relationship building is another critical area of the HR professional as it provides a sound basis for improved communication and understanding between the offices of the HR professional and his business partners. Building effective relationships takes time and effort on both sides. It is however, essential that the HR professional becomes proactive at all times by using the consulting skills on his/her partners as a way of seeking out information that can be used to improve the quality of advice to them (the partners) that might other-wise be absent.

- **Evaluate HR’s contribution to organisational effectiveness, including assessment, design, implementation and evaluation of activities with respect to strategic and organization measurements in HR objectives.**

Assessment of human resource contribution to organisational effectiveness has not been easy. The use of job evaluations, performance management system (performance appraisal), and human resource audits etc. have to some extent helped in the past.

But as executives steer their companies through tough economic environments, by focussing scarce resources on carefully chosen priorities, the search for a more effective system of evaluation is on. It makes perfect sense for HR professionals to design and implement a creditable system to evaluate human resources contribution to organisational effectiveness. The objective is to close the gap between the HR professional's view and that of their business partners’ of their true value to organisations.

Kaplan and Norton (1996) in their book, “The Balanced Scorecard: Translating strategy into action”, introduces four different perspectives from which a company’s activity can be evaluated: 1) financial perspective (how do we perceive our shareholders?) 2) customer perspective (how do we perceive our customers?) 3) process perspective (in what processes should we excel to succeed?) 4) learning and innovation perspective (how will we sustain our ability to change and improve?) This is designed to replace traditional performance measurement, which focused on external accounting data with something to provide the information age enterprises with efficient planning tools.

The Balanced Scorecard (BSC) is a concept introduced to help company executives translate strategy into action. BSC starts from the company vision and strategies; from here the critical success factors (see appendix “D” for definition of success factor) are defined. Measures are constructed that aid target setting and performance measurement in areas critical to the strategies. Hence, Balanced Scorecard is a performance measurement system, derived from vision and strategy, and reflecting the most important aspects of the business. The Balanced Scorecard concept supports strategic planning and implementation by federating the actions of all the sections of an organisation around a common understanding of its goals, and by facilitating the assessment and upgrade of strategy.

Another form of measurement being used is called the “People Scorecard (PSC), which aims to measure how well companies manage employees. It uses a set of criteria that can be tracked and quantified. This helps overcome the problem of companies neglecting human capital because it is difficult to measure and the benefits of people strategy take time to emerge. However, there is growing evidence to link company performance and people management.

in the US and Germany showed that those companies that scored highest had a higher total shareholder return than lower-scoring companies. People factor benefits take time to emerge. Over four years and longer, a pattern becomes clear, with those companies scoring highest on the scorecard enjoying strong performance versus their competitors. But people-factor companies sometimes forego short-term profits in pursuit of longer-term success. Companies with high HR scores but low scores of “entrepreneurship” do not have superior stock performance. So HR professionals should reinforce and foster entrepreneurial opportunity. A company that does well on all sections of the scorecard is likely to translate that into better performance through a more contented and loyal workforce. Features that most increased job satisfaction was: allowing people to influence decisions that affect their work life training and performance-linked pay.

- **Strategically market HR functions within & outside the firm.**
  Line managers do not often understand HR role and functions. In fact in some enterprises Line managers are often in conflict with HR professionals as to what their role should be. It is therefore important that line managers understand that the HR professionals are not there to compete with other managers or to carry out the line managers’ inherent human resource management duties, but to assist, (through advice etc.) compliment and give support to the achievement of the divisional or departmental objectives. HR practitioners need therefore to be proactive in carrying this message forward and to develop a marketing strategy to consistently inform managers and staff of the changing role and responsibilities of the HR professional. It is the experience of many professionals that once this is done a greater level of understanding and appreciation will be achieved of the issues hence greater levels of cooperation between HR professionals and other managers. (See HR marketing strategy in module 3).

- **Provide direction and guidance during changes in organization processes, operations planning, intervention leadership training and culture that balances expectations and needs of the organization, its employees and other stakeholders.**
  Here the HR professional needs to be proactive and analytical at the same time, being focused on the management of the differences, which may flow from the changes. People involvement and buy-in to the processes are critical to success. Training should be focused and the results measured against the training objectives over time. The organisational culture and values should be constantly assessed to ensure that the environmental changes are appropriately reflected in current practices.

- **Develop and shape organization policy related to the organisation’s management of its human resources.**
  Human resource professionals should ensure that the design and implementation of written policies and procedures serve the purpose for which they were intended, through constant monitoring against practices as well as periodic reviews. Regular reviews will ensure that the policies remain relevant.

Policies exist to guide the behaviour and decision making of management and staff. They however, should not be allowed to stand in the way of the organisation achieving its legitimate objectives. In other words where the execution of a policy is likely to prevent the company’s objective from being achieved, such policy should be waived and or discontinued. The human resource professional, in executing his/her change management responsibilities must see to it that organisational policies relate to the organisation’s management of its human resources and are reflective of the relevant changes at all times. A useful way of ensuring this is to form a small policy review committee. Such a committee would be responsible for periodic review of all HR policies and practices. While it is important for this process to be driven by the HR professional, it would send a powerful signal if such a committee was to be chaired by the Chief Executive Officer of the organisation.

- **Develop a strategic approach to manage emerging HR challenges & opportunities.**
  HR professionals should keep abreast of best practices and the results of any behavioural research studies impacting on the management of human resources. Regular staff survey (e.g. once every two years) should be carried out to solicit feedback from staff on the effectiveness of policies, management practices, benefits, the environment etc. on their jobs. To ensure its integrity and credibility, an independent person or organisation should carry out such surveys.

- **Monitor legislative environment for proposed changes in law and take appropriate action to support, modify or stop the proposed action.**
  HR professionals should be familiar with existing labour and social legislations and keep abreast of all legislative changes thereto. There should be close collaboration with the relevant government agencies, and employer/employee organisations through discussions, to foster understanding and communication of the changes impacting on the various labour legislations that are likely to affect management and labour and their representatives (see Appendix “B”).
Reference should be made to a number of leading Caribbean enterprises (example, Trinidad Cement Limited, St. Vincent Electricity Company (VINLEC), Goddard Enterprises Limited and Alcan Jamaica Limited) when discussing each of the above points. The results of individual cases will demonstrate that human resource strategic decisions have the power to shape a company’s direction and determine its future success.

The key challenges HR Professionals face every day; from strategic implementation and training practices to fostering competencies and developing leadership skills; must be based on preparation, inspiration and forward thinking. HR strategy exists to support the achievement of the business strategy. This support should be both pro-active and reactive (see Figure 1).

- **Proactive** in the sense that it suggests how the organization can maximise the added value provided by its human resources.
- **Reactive** in that when HR implications of established business strategy are assessed, decisions can be reached on what directions should be taken to help achieve it. Those decisions can take the form of re-sourcing, development, reward, and employee relations.

It is important to emphasize that strategic integration is necessary in order to provide congruence between business and human resource strategy, so that the latter supports the accomplishment of the former and, indeed, helps to define it. The aim is to provide a strategic fit and consistency between the policy goals of human resource management and the business. It may be useful for users of this manual to share with their colleagues their experiences in handling integration problems. Each organisation may have a different experience and so the approaches in dealing with those problems might be different.

The role of HR in facilitating the success of a merger or reorganisation has been well documented. Key tasks include reconciling cultural differences between organisations; educating the workforce regarding the cultural change integration; helping to make the changes and to create a smooth integration. Figure 1 depicts how well coordinated and integrated business and human resource strategies should be. Users should use Figure 1 to trigger a merger and acquisition brainstorming exercise.
WORKPLACE PLANNING AND EMPLOYMENT:

Workplace planning and employment is the process by which management ensures that it has the right number and kinds of people in the right places, and at the right times, who are capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.

Employment planning translates organizational mission and objectives into a human resource plan. Assessing future human resource needs and developing a program to meet such needs is to be considered critical to any company developmental plan.

Firms that do business in a rapidly changing, highly competitive regional and global market must hire for the
organisation rather than for the job. Recruitment and selection is an expensive and time consuming process, and the enterprise must make sure that, as it continually adapts, and if necessary, transforms itself, the employees it has recruited and selected are also able to adapt and transform themselves.

As the nature of the “job” changes, the individuals in those jobs must also have the ability and flexibility to change. Job analysis, person job fit, person environment fit, and recruitment and selection are factors to be taken into consideration. It is important to develop a recruitment plan, a selection plan and an interview protocol that yields the quantity and quality of employees needed to make the business successful. Companies should determine the performance culture it considers best for their continual success – whether high or low. It should then define what set of attitudes and values are best likely to achieve the desired success and use these as guides when recruiting staff. This approach will assist human resource professionals to shift focus from the traditional factors of qualification, skills and experience to putting emphasis on having the required attitudes and values that best contribute to success. Traditional factors such as qualifications, skills and experience though very important should be regarded as basic requirements. The “required attitudes and values” factors should be the ultimate in any selection decisions. In addition, while skills and experience can be obtained on the job, attitudes and values are difficult to acquire on the job, you either have it or you don’t.

The aims of the above plans are to:

- Identify staffing requirements to meet the goals and objectives of the organization within the short, medium to long-term.
- Develop job analysis and the writing of job descriptions and performance standards and the need to develop job competencies. It is important that all new recruits are given a statement outlining what he is required to do and the standard that is expected of him/her. This makes the process of evaluation and assessment in the short to long run much easier and transparent.
- Establish hiring criteria based on required competencies. The competency skills required for each job should be listed as part of each job profile, and should be reviewed against any significant changes to the job.
- Assess internal workforce, labour market and recruitment agencies to determine availability.

Based on the effectiveness of the firm’s human resource information system, an accurate forecast of human resource needs should be made. This forecast will show the likelihood of a short fall or an excess of skills due to expansion, retirement, promotions or terminations. Assuming there is a shortfall, it will be necessary to determine the supply sources from both within and outside the enterprise. Regular attendance to schools and colleges fairs is to be encouraged. Also, enterprises should develop and maintain a skills bank to be reviewed regularly for example, every three to six months, depending on the size of your operation and the level of employee turnover experienced. Having a succession plan with annual reviews and updates is a useful tool to use to track internal talents.

- Identify internal and external recruitment methods and implement them within the context of the organisation’s goals and objectives.

Cross training within the company should be encouraged. It helps to create multi-skilling, which in turn helps to promote greater flexibility among staff. It is a useful practice to advertise internally all vacant positions. This should either be done before advertising them externally or simultaneously. It is important when doing so to list very clearly the job objectives and the required competencies.

- Develop strategies to market the organization to potential applicants.

This would include visits to, schools, colleges’ fairs and organisations dedicated to executive search. A brochure of the company outlining its history, nature of business, director’s profile, management structure, and achievements should serve as a useful marketing tool.

- Establish selection procedures including interviewing, testing and reference background checking.

Selection procedures may depend on the size of the firm and the level of staff being recruited. For the selection of supervisory and managerial personnel, it is recommended that the supervisors and managers in the department or division to which the new recruit will be assigned should participate in the selection process. This will certainly help to reinforce the point made earlier about assessing demonstrated attitudes and values against the established “required attitudes and values” best suited to achieve the organisational objectives.

The attitudes display in the different interviews by the interviewee will be compared and analysed against
the “required attitudes and values” of the company. Some senior positions may require panel interviews. Whenever this becomes necessary, the human resource professional should chair the panel. When recruiting non-supervisory staff, the supervisor(s) to whom the new recruit will report should participate in the selection process.

The use of psychometric testing has been proven to be useful when used correctly, and perhaps need to be part of the selection process. It should not be used as a stand-alone tool, but as complimentary to the traditional interviews. Therefore the test should be taken before the interviews. Background checking should be carried out after the first interview and should be done by an independent third party.

- Facilitate and or administering the process by which CARICOM graduates and technically skilled nationals and non-CARICOM nationals can legally work in CARICOM territories.

- Develop management performance systems including succession-planning process.

Managers cite performance appraisals or annual reviews as one of their most disliked tasks. Performance management eliminates the performance appraisal or annual review and evaluation as the focus and concentrates instead on the entire spectrum of performance management and improvement strategies. These include performance improvement, performance development and training, cross training, challenging assignments, 360-degree feedback and regular performance feedback. Once this system is in place and is working well, succession planning is made easy. There is not a structured system of leadership/executive succession in many Caribbean enterprises. According to Hunte-Cox (2004) as an implication for practice, organizations need to establish a process of identifying the executive competencies needed for leadership and management continuity that are critical to creating the competitive advantage, and establish a programme to facilitate such. The absence of such a system inhibits enterprises from focussing on talent and skills development – hence it is often very difficult to find the required managerial talents.

HUMAN RESOURCES DEVELOPMENT

The process of ensuring that the skills knowledge, abilities and performance of the current and future organization are in place; that the individual needs through developing, implementing and evaluating activities and programmes are adequately addressed; and that programmes are in place to carry out employee training and development, change and performance management.

Users should explore experiences of their colleagues in determining how training and development is achieved in other organisations and seek to establish the extent to which Caribbean enterprises invest in training and development in relation to other competing countries outside the region. Users are advised to pay special attention to the following issues and to ensure that they understand the importance of the need to:

- Conduct needs analysis to identify and establish parameters regarding human resource development activities.

Such needs are to be identified during the annual employee performance assessment exercise. In the absence of such an exercise, companies may wish to engage an independent professional to perform this role, perhaps once every two years.

- Develop and implement training programmes.

Once the training needs are identified, the next step is to develop a training programme after discussions with the key players – managers, employees to be trained, and instructors. The programme objectives should be clearly defined so too are the expected outcomes for participants and company.

- Evaluate training programme effectiveness.

On completion of each training programme, the supervisors/managers should meet with the participants to discuss his/her participation. The objective here is for the employee/participant to state whether learning had taken place and how such learning can help to improve his/her performance or behaviour. The supervisor/manager should then monitor his/her employees’ performance and or behaviour over a three to six months period. The supervisor/manager should communicate the results to the employees as well as to the HR professional. The HR professional must drive this process.

A factor that may determine the effectiveness of the training programme is the environment. For example, the employee armed with his/her new found knowledge might be eager to put to use new ideas, methods and techniques, but may be hindered from doing so because of “mitigating factors” within the environment. Examples of such factors are supervisors’ /managers’ management style, non-cooperation of colleagues etc. In assessing the effectiveness of training programmes, one has to take into consideration a number of
factors including: the intent and purpose of the training; the commitment of both the managers and employees to make maximum use of the training; and how facilitating the support system is. Participants to all short-term training programmes should be asked to evaluate the content and delivery methodologies immediately on completion.

- **Develop and evaluate change management programmes and activities.**
  Change usually involves the introduction of new procedures, people or ways of working which have a direct impact on the various stakeholders in the enterprise. The key to successful change management lies in understanding the potential effects of a change initiative on the stakeholders. Will employees be scared, resistant, pessimistic or enthusiastic about proposed changes? How can each possible reaction be anticipated and swayed?

  As you begin to think about any kind of significant change be aware of how the change will impact others in the enterprise and your customers. A new vision, a set of driving values, mission or goals constitutes significant change. So do new performance standards, new policies or procedures or new computer equipment installation or relocation of business. These challenges may manifest themselves under different names or other guises but are essentially the challenges of leadership, commitment and focus.

HRM professionals should have a way of thinking about change. They should have a “model” which will guide analysis of the situation and help them to formulate the process of change to be implemented. HRM professionals must have a clear idea of what results the change will generate. They should influence the initiative to change at the point where they have the most control and can make reliable predictions about the consequences of the actions of the initiators. It is important for HRM professionals to recognise that change in any one point of the situation affects the whole, and therefore must be alert for unanticipated consequences of their actions.

- **Develop and implement training policies and procedures.**
  Training policies should reflect the companies' philosophy toward training and development. It should make the distinction between training as a human capital investment and that as an expense. The policy should also define the procedures to be used in the treatment of employee initiated training programmes, as opposed to company-initiated programmes.

  There are training programmes that deal with performance and behavioural issues. There are also those that are designed to meet the unique needs of particular employees, for example, fast track programmes for future development and to fulfil succession-planning objectives. Not only is it useful to cover these situations in the policy, but also provisions should be made for regular reviews and evaluation for effectiveness.

Policy formulators should pay special attention to the four major trends affecting the practice of HRD in the 21st century:

1. The diversity of the workforce
2. People will expect meaningful work and involvement
3. More people will do knowledge work, which requires judgement, flexibility, and personal commitment rather than submission to procedures.
4. A shift is occurring in the nature of the contract between organizations and their employees.

Users of this manual may wish to discuss with their colleagues, the challenges to HRD Professionals by utilizing as much as possible each other experiences in the following areas.

1. 1). Changing workforce demographics
2. 2). Competing in regional and global economies
3. 3). Eliminating the skills gap
4. Meeting the need for lifelong learning
5. Facilitating organizational learning
How Are Pay Levels Determined?

The goals of compensation administration are:

- To design a cost-effective pay structure that will attract and retain competent employees.
- To provide an incentive for these individuals to exert high energy levels at work.
- To ensure that pay will be perceived as fair by all employees.

Fairness means that the established pay levels are adequate and consistent for the demands and requirements of the job.

The primary determination of pay is the kind of job an employee performs.

Different jobs require different kinds and levels of skills, knowledge, and abilities and different levels of responsibility and authority.

Pay levels may be influenced by the kind of business, the environment surrounding the job, geographic location, and employee performance levels and seniority.

The most important factor is management's compensation philosophy.

- Some organizations don't pay employees any more than they have to.
- Others commit to a compensation philosophy of paying at or above average wage levels.

Why Do Organizations Offer Employee Benefits?

- When an organization designs its overall compensation package, it has to take into account another element, employee benefits.
- Employee benefits are non-financial rewards that are designed to enrich employees' lives.
- Once viewed as "fringes," they have grown in importance and variety.
- The benefits offered by an organization will vary widely in scope.

Most are required to provide Social Security and workers' and unemployment compensations.

Users should focus on the legal framework surrounding compensation decisions in the Caribbean, competing models of “best practices” in pay design, the elements of direct and indirect pay, strategic options in designing compensation for job-based versus skill-based systems, and the forms of equity necessary for successful compensation systems.

Users need to be mindful of the expected free movement of “classified designated” labour throughout the territories when CSME comes into force, and the possible impact on regional compensation systems especially as it applies to regional or international companies transferring staff from one territory to another. Comparative analysis of different compensation systems of various territories will be necessary when addressing cross-border transfers.

In developing a compensation system, users of this manual are advised to:

- Establish a compensation philosophy.
- Identify elements of a total pay programme that are most appropriate to the business objectives, operating environment and culture of the company.
- Design a competitive base-pay programme; merit and incentive pay programs that provide strategic advantages to attracting and retaining highly skilled and creative employees.
- Benchmark positions to industry, local, regional and international market data.
- Establish base pay structure and benefit programme.
- Establish performance management and merit pay system.
Users will need to:

- Ensure the compliance of compensation and benefits with applicable territorial and local laws including Inland Revenue regulations.
- Analyse and evaluate pay rates based on internal worth and external market conditions (include wage and salary surveys).
- Develop, select and implement integrated payroll system.
- Evaluate compensation policies to ensure that they are positioning the organization internally and externally according to the organisation’s strategic objectives.
- Analyse, develop, select, maintain and administer executive compensation, stock options and incentives (including profit sharing and bonus plans). Stock options and profit sharing are not very common in the Caribbean, but wherever they are to be found, have proven to be quite useful in creating a higher level of management commitment and entrepreneurial attitude.

The compensation and benefits policies should be communicated to the employees as they tend to forget the total picture while focusing on the take home pay. Efforts should also be made to communicate to staff the results of any compensation survey with comparative benefits data without committing any breach of confidentiality. This will establish an environment of openness and transparency leading to the perception of fairness and competitiveness regarding the company’s compensation policy. Where there is a perception of unfairness or un-competitiveness, it will lead to mistrust, lack of commitment and generally a poor attitude to the job and the company (see how to build trust - Appendix D).

**EMPLOYEE AND INDUSTRIAL RELATIONS**

The process of analysing, developing, implementing, administering and performing ongoing evaluation of the workplace relationship between employer and employee (including the collective bargaining process and union relations), in order to maintain effective relationships and working conditions that balance the employers' needs with the employees' rights in support of the organisation's strategic objectives.

Industrial relations and human resource management are relevant to competitiveness. How these are managed will impact on enterprise performance (e.g. its productivity and quality of goods and services, labour costs, quality of the workforce, motivation, and prevention of disputes) dispute settlements and assist to align employee aspirations with enterprise objectives. Users are encouraged to examine the differences between the greater managerial discretion that exists in the absence of a union and the lesser managerial discretion that exists when the firm’s employees are represented by a union.

Users should also examine the current industrial relations issues e.g. minimum wages, flexible/performance pay, cross-cultural management and dispute prevention.

The pros and cons of employee based versus union based HRM systems should be examined within the Caribbean context.

Users should examine the practices in their own organisations and compare such experiences with other practices within and outside of the Caribbean. Particular attention should be focused on:

- How to ensure compliance with appropriate labour laws and regulations including the International Labour Organization (I.L.O) basic standards.
- How to develop and implement employee relations’ programmes that will create a positive organizational culture example, employee assistance programme, and employee wellness programme.
- How to assist in establishing work rules and monitor their application and enforcement to ensure fairness, firmness and consistency (for union and non-union environments).
- To resolve employee complaints involving employment practices (formal, legal complaints).
- How to develop grievance and disciplinary policies and procedures to ensure fairness and consistency in their application.
- The process of collective bargaining and the post activities including contract administration.

The concept of social partnerships should also be examined alongside other industrial relations models as an alternative to effectively managing labour/management relationships.
The Focal Point in Employee/Industrial Relations

The focal point of attention in employee/industrial relations should be regarded as the work rules negotiated between management and employees or their union representatives. It is important to understand the influences determining whether a work rule exists and if so, its particular content. Work rules can be placed in two general categories: 1) rules governing compensation in all its forms—overtime payments, vacations, holidays, and so on, and 2) rules specifying the employees’ and employers’ job rights and obligations, such as performance standards, promotion qualifications and procedures, job specifications, and layoff procedures.

An analysis of work rules helps us to understand the complex output of the labour relations process. The formal labour agreement in this sense represents a compilation of jointly negotiated work rules. However, industrial relations activities are not limited to those involving the establishment and content of the work rule; it is also appropriate to examine how the particular rule is administered between union and management.

Work rules also respond to changing workplace conditions and social values over time. For example, the common use of cell phones by workers of all categories (with multiple features) and the deadly Acquired Immune Deficiency Syndrome (AIDS), represented a dramatic new working condition that has commanded management and union concern and shaped work rules.

Participants in the Industrial Relations Process

The negotiated and administered work rules involve managers at several organisational levels and functions as major participants in the industrial relations process. HR managers and representatives are typically found at corporate, divisional, and subsidiary company levels. Industrial relations objectives are developed and coordinated at the corporate and subsidiary levels to ensure that a particular work rule, such as a wage rate for a particular job classification, does not adversely alter precedents or conditions at another subsidiary company or division.

Other participants in the industrial relations process are union officials, employees, third-party neutrals and the government.

Union Officials

Union officials, usually elected by the members (of the workforce), represent the membership, but they do not necessarily represent a consensual group since unions experience internal differences of view. Members and officials do not completely agree on priorities; sometimes conflict occurs over specific tactics to be used in accomplishing commonly shared bargaining objectives.

Employees

Employees represent perhaps the most significant participant category since they often determine whether a union is even present in an organisation. Employees also determine whether a negotiated labour agreement is accepted or rejected and whether a threatened strike is actually carried out. Employees may have loyalties to both management and union organisations. This situation is found in both the private and public sectors; for example, public sector employees such as the police and teachers may feel torn between the critical or professional nature of their jobs and the strategic advantages of a strike. Employees want their organisations to thrive and prosper; at the same time, they want to share in the rewards of success. Since their desires may shape the existence and content of particular work rules, employees can be considered the third participant in the labour relations process.

Third-party Neutrals

Often differences of opinion between management and union officials are revealed in contract administration through the grievance procedure or negotiations. Third-party neutrals are available to assist the parties in settling their differences. The chief labour officer, labour commissioners and arbitrators are considered third-party neutrals.
The Government

The government participates through three activities: executive, legislative, and judicial. In the public sector, government officials also serve as management officials in the industrial relations process. This situation can become complicated during collective bargaining. For example, where government officials are confronted with intransigent union negotiators, they can bring a halt to negotiations by asking government to legislate their offers.

The desires and composition of the industrial relations participants can affect the development of work rules – hence the relationships. However, these participants are in turn influenced by several variables or constraints in their industrial relations activities. These influences may relate to the particular firm, the local community, the technology, regional and international forces and the society in general (see Appendix B).

The outcomes of the application of these variables will be exclusively dependent on the competency skills, HR philosophy and the effectiveness of the strategies applied by the HR professionals and operating managers of the firms. The next two modules will seek to highlight the competency skills and the strategies required to assure effective application of the activities contained in this module.

**Figure 2: The key Human Resource Variables Impacting on Human Resource Professionals’ Experience.**
OBJECTIVE: To examine the Human Resource Management competency skills required to “add value” to organizational productivity and profitability.

The success of human resource professionals, their ability to contribute as a business partner and to add value to the business will rest heavily on their competency skills and the quality of leadership they bring to the organization.

With the changes in structure and functioning of enterprises, there has been a complete shift toward competencies that make for success in human resources. The HR competency profile consists of four pillars (Figure 3).

- HR Leadership
- The Role of HR Professionals
- HR expertise
- Core competencies

The continued success of an organisation to a large extent is dependent on how firmly structured these pillars are and how human resource management philosophy and activities are embraced as important components of the enterprise culture. Enterprises that are regarded as having a strong human resource based culture usually provide strong top leadership with a clearly defined role akin to the organisations’ mission and vision (this is called the high road strategy).

Here are some specific competencies, with examples of actual competency models created in the last five years.

**Consulting**

Necessary to both internal and external human resources professionals to prove the level of client service the new human resources function requires:

**Competency:** Operates like a consultant

**Behaviours**
- Learns what the culture is like before making recommendations
- Earns trust by offering to help
- Brings to the firm a broad knowledge of human resources practices
- Is team oriented
- Comes up with options not edicts

**Understanding The Business Strategy of the Enterprise**

Necessary in order to anticipate and identify the human resources solutions to business problems:

**Competency:** acts as a strategic business partner to managers.

**Behaviours:**
- Contracts for service
- Understands client’s business strategy and needs
- Markets HR services and practices
- Prioritises work in relation to business needs
- Develops ongoing client relationships
- Assesses and articulates risks
**Business Decision-making Skills**

Necessary in order to evaluate the costs versus the benefits of outsourcing a service or hiring a consultant or contractor compared to permanent staff:

**Competency:** is commercially aware and has business acumen.

**Behaviours:**
- Understands the products and the financial drivers at the company
- Understands the functions and interrelationships of the organization
- Can articulate the consequences of proposed changes in the business
- Understands and can use financial data

**Vendor Management and Program Evaluation**

Currently the tendency is to evaluate vendors only at the front-end of the project and usually by reputation and comfort factors, not by measuring and evaluating outputs. Here are some behaviours of a model that is moving in this direction:

**Behaviour:**
- Knows what constitutes success for the managers and employees they serve.
- Aware of costs
- Can show savings, measure results
- Bottom line mentality
- Thinks of services as products to change or adjust or propose in response to client needs rather than permanent components of a static organisation.

**Project and Program Management**

Necessary to the new way HR work is accomplished:

**Competency:** Project manager in a turbulent, volatile business environment

**Behaviours:**
- Designs, delivers products/services to meet business needs
- “Make or buy” judgements
- Facilitates results without direct control or management
- Always delivers on time
- Able to handle high visibility and risk
- Plans and set goals
- Think quickly on the feet.
- Committed and dedicated.

**Flexibility**

Flexibility is the opposite of many competencies of the HR professional. Here are some behaviours from a model that values this competency:

**Competency:** Flexible

**Behaviours:**
- Is extremely flexible
- Able to compromise issues (not principles)
- Ready for change
- Always looking out for what’s new
- Oriented toward improving things
- Entrepreneurial
- Shares the knowledge; applies new knowledge immediately and shares the success.
The ability to continuously expand knowledge and skills
A common requirement of the knowledge economy:

**Competency:** Exploits all opportunities to learn

**Behaviours:**

- Is not afraid to ask questions
- Asks for feedback
- Keeps up with new trends and products in the insurance and IT industries
- Keeps up with new trends in human resources

**Other Core Competencies**

HR professionals must have:

- Knowledge of the organization’s business – knowledge of the strategic direction, key deliverables, programmes, services and environmental influences on the organization.
- Customer Orientation – Ability to view issues from the perspective of clients/stakeholders and to balance individual employee needs with the organization needs to provide quality products and services (see part B Appendix “A”).
- Effective communication – Ability to communicate information, verbally and in writing, in a way that creates understanding, captures interest and gains support (see part D, Appendix “A”).
- Systems/Strategic Thinking – Ability to view and analyse problems and issues from a broad perspective that will impact on the direction of the organization; and knowledge of how the parts of an organizational system work together to accomplish goals (see part A, Appendix “A”).
- Vision creation – ability to communicate a compelling vision that generates excitement, enthusiasm and commitment – ability to effectively develops and clearly articulates a vision of an ideal future.
- Calculated risks - Ability to take calculated risks that contribute to increasing organizational effectiveness.
- Employee advocacy – ability to clearly define how management should be treating employees; ensuring employees have the mechanisms required to contest unfair practices; and represent the interests of employees within the framework of its primary obligation to senior management.
SUMMARY

Understanding the many variables and being able to develop and apply the competency skills contained in this module, is not enough to make the HR professionals effective in their varied contributions to the firm. It requires a well thought out strategic programme designed to educate, communicate, engage and motivate those persons that are integral to the business process. The final module is therefore designed to ensure that both the business needs and those of the employees are taken care of in a manner that creates mutual satisfaction. It is also designed to allow HR professionals to communicate more effectively and to make their business partners become more aware of the connectivity of their functions, programmes and activities.
GENERIC HR STRATEGY

OBJECTIVE: To develop a generic HR strategy that responds to the needs of the organization as well as its human resources.

Module 1 explored the human resource variables impacting on human resource effectiveness. Module 2 examined the HR competency skills required to add value to business productivity and profitability. Module 3 seeks to put together Module 1 & 2 in a manner that ensures synergy and direction and fuel the human resource flame throughout the organisation through strategies.

HR strategy is concerned with those decisions, which have a major and long-term effect on the employment and development of people in the enterprise and on the relationships, which exists between its management and staff. HR strategy will express the intentions of the enterprise about how it should manage its human resources. These intentions provide the basis for plans, developments and programmes for managing change. HR strategy exists to support the achievement of the business strategy. This support should be both proactive and reactive:

- **Proactive** in the sense that it suggests how the organisation can maximise the added value provided by its human resources. Porter (1998) has suggested that the skills and motivation of a company’s people and the way they are deployed can be a major source of competitive advantage. A proactive approach will identify the human resource strengths of the organisation so that business strategies can be created which take into account how these strengths can be utilised and developed.

- **Reactive** in that when the HR implications of established business strategy are assessed, decisions can be reached on what directions should be taken to help achieve it. Those decisions can take the form of resources, development, reward, employee relations, and motivation or commitment strategies.

DEVELOPING HR STRATEGY

The key requirements of HR strategy are that it should be:

- Justified from the business strategy
- Imaginative and innovative
- Clear and actionable
- Selective, focussing on priorities
- Flexible

There is, however, no standard format for a statement of HR strategy; it will depend entirely on the circumstances. Strategic thinking may indeed concentrate on one area such as resource or performance management.

The most critical of the above and the key issue is that HR strategy must be justified by business strategy. Without this, top management and line managers will see HR strategies as having little or no relevance to the real priorities of the business, and the credibility of the HR function will be in doubt.
ORGANISING AND MANAGING HR STRATEGY DEVELOPMENT

Effective integration of HR strategy is best achieved if the HR Director is closely involved at top management level with the formulation of business strategy. HR strategies should be based on information concerning:

- The business strategy and plan (including the mission and vision).
- The external environment, with particular reference to the supply of people (demographics) and the availability of skills.
- The internal environment, including the implications of product development and new technology, the requirement for increased flexibility and the need for new skills and “multi-skilling”.
- HR issues related to productivity, motivation, communication, commitment, involvement, employee/labour relations, etc.

HR strategy should be backed up by a human resource information system. This will provide basic data on human resource stocks and flows, decision support data on other aspects of human resource management including the availability of skills, productivity and basic indicators of motivation and commitment such as employee turnover and absence. Strategic human resource information system enable HR strategist to better understand:

- The contribution that the HR strategy can make to the overall business strategy, i.e. how can we make more effective use of our human resources to give us a competitive edge? (See Figure 1 - Module 1)
- The impact of the business strategy on the organisation's human resources, i.e. what does the strategy mean in terms of the type of people we want?

HR STRATEGY AREAS

Users of this manual should examine specific aspects of HR strategy that, collectively form the “building blocks” of overall HR strategic development (see Integrated Human Resource Strategies - Figure 4). It must be pointed out that no two organisations will face quite the same issues, and each will address in its own way those issues that it does face. None the less it may be helpful to look at some of the issues that have been proven to be successful to other organisations.

Fundamental Questions

Human resource management strategy should provide answers to three fundamental questions:

- How are we to acquire and retain the number and quality of people required to meet the forecast needs of the organisation?
- How are we going to ensure that we have a well-motivated and fully committed workforce?
- What actions will be needed to train, develop and fit people for greater responsibility and responsiveness to change and the resulting demands for different skills and abilities?

To answer these questions, there must be good, reliable and relevant information about the human resources within and outside the organisation, which in turn can be analysed and interpreted, and judgements applied. The ability to interpret the information will depend on the abilities of the strategists as well as the outcomes of the integrated human resource strategies outlined in Figure 4.
Figure 4: **Integrated Human Resource Strategies**

- **External Environment**
  - Acquisition & Retention Strategies
  - Motivational Strategies
  - HRD & Training Strategies
  - HR Marketing Strategies
  - Strategy Implementation

- **Internal Environment**
  - Reward Strategies
  - Employee Relations Strategies

**Acquisition and Retention Strategies**

A starting point in the development of a HR strategy is often the identification of the long-term human resource requirements of the enterprise. The aim of **HR acquisition and retention strategies** should be to ensure, on the one hand, that the achievement of corporate objectives will not be inhibited by human resource shortages or inefficiencies and, on the other hand, that impending surpluses can be dealt with in good time with the minimum individual hardship and disruption to employee relations.

Broad questions will need to be answered concerning:

- Human resource requirements – how many employees are needed? Over what period? What kind of abilities and skills will be required?

- Availability – What is available now inside the company? What would be available from inside and outside the company?
Retention - What is the company's experience in retaining staff? What are the problems and how can they overcome?

Human resources utilisation – How well are human resources used in the company? What is the scope for increasing productivity?

**Motivation Strategy**

Motivation strategy will refer to the performance management and reward systems, and in particular to the type and scale of financial incentives which are to be provided. It will also be concerned with other processes which should yield favourable attitudes, including job design, participation, joint objective setting, career development, and any other processes relating to the individual’s need to achieve and maintain a sense of personal worth and importance. Motivation is also affected by the quality of leadership in the organisation; therefore the selection, training and development of effective leaders should be part of the strategy.

**Human Resource Development and Training Strategies**

A human resource development strategy is concerned with the longer-term programmes needed by an organization to improve operational performance at all levels, in accordance with the additional demands which the business strategy will place on people in the future. The strategy will provide continuous development processes linked closely with the programmes designed for the organisation as a whole to implement its product, technology and market development strategies.

The associated training strategy will be concerned particularly with the development of new or existing competencies, and with multi-skilling. For example, it will take account of the introduction of new technology and of increased demand for ‘knowledge workers’, and for ‘systems technicians’ on production lines.

**Reward Strategy**

A reward strategy will be concerned with:

- Developing a high performance-oriented culture.
- Underpinning the organisation's values, especially those relating to excellence, innovation, performance, teamwork and quality.
- Conveying a message to prospective high-calibre employees that the organisation will satisfy their reward expectations.
- Ensuring that the right mix and levels of rewards are provided in line with the culture of the organisation, the needs of the business, the needs of employees and the economic, competitive and market environment in which the business operates.
- Linking reward policies, systems and procedures to the key business and human resource strategies for innovation, growth, development and the pursuit of excellence.
- Developing a strong orientation toward the achievement of sustainable high levels of performance and increases in levels of competence, thus contributing to the processes of empowering, enabling and energising all employees.
- Indicating to existing employees what types of behaviour will be rewarded and how this will take place, thus increasing motivation and commitment and improving performance.

**EMPLOYEE RELATIONS STRATEGY**

The aim of an employee relations’ strategy is to develop policies, systems and procedures which maximise the degree to which management and employees will co-operate to their mutual benefit, and minimise the causes and effects of unnecessary conflict or restrictive practices.
This strategy will be concerned with enhancing mutuality, improving relationships and establishing and maintaining the rules and procedures, which govern the management and discussion of issues affecting the company and its employees. It will encompass strategies for union recognition and for any collective bargaining arrangements. It will also cover the strategies for negotiations and for involving employees in the affairs of the company as well as for communicating to them information about the company’s performance and future plans.

**STRATEGY IMPLEMENTATION**

Strategy implementation has two aspects:

1. Translating the strategy into specific HR objectives;

2. Identifying critical success factors and their associated performance indicators to monitor the success of the objectives and policies in meeting the HR strategy, and in fulfilling the business strategy.

The first aspect involves analytical brainpower exercise, thinking through the implications of the strategy, and what existing policies might need to be changed. Most importantly, it involves developing an action plan for implementing the changes. The only information requirements of this might be a review of previous change management activities to learn lessons (good or bad) from them.

The second aspect, of identifying the critical success factors and setting up systems for monitoring them, is equally important but is in danger of being ignored by the HR function. Few organisations consciously monitor the effects of their HR policies in terms of meeting the objectives they are meant to achieve. Monitoring, feedback and amendment to some extent – consider the regular adjustments that are made to employee performance management system, or the annual changes to salary structures and benefits packages. But we suspect that the former changes are usually reacting to yet another set of criticisms from the users or “victims” of the employee performance management system, while the latter are often a reaction to external market forces plus whatever is fashionable in reward structures that year.

It is very seldom for HR practitioners, to assess consciously the impact of their HR policies in terms of meeting the objectives they were meant to do, and make adjustments accordingly. At best, they will be reactive – “our labour turnover rates are too high; therefore we must pay higher salaries/give service payments/provide more training courses”. Such piecemeal, reactive approach is likely to lead the commonly found situation of different HR policies giving conflicting messages to staff and working against each other in promoting the business strategy.

The development of an HR strategy must be accompanied by an effective marketing and implementation plan to be followed by a systematic evaluation. A strategy for gaining commitment to change should cover the following phases:

- **Preparation** - In this phase, the person or persons likely to be affected by the proposed change are identified and made aware of the fact that a change is being contemplated.

- **Acceptance** - In the second phase, more specific information is provided on the purpose of the change, how it is proposed to implement the change and what effect this will have on those concerned. The aim is to achieve understanding of what the change means and to obtain a positive reaction.

- **Commitment** - During the third phase, the change is implemented and becomes operational. There will inevitably be delays, setbacks, unforeseen problems and negative reactions from those faced with the reality of change. A response to these reactions is essential so that valid criticisms can be acted upon or explanations given of why it is believed that the change should proceed as planned. After further modifications as required, the change is institutionalised and becomes an inherent part of the enterprise's culture and operations.
MARKETING HR STRATEGY:

A major challenge facing Human Resource Professionals is how to effectively market their activities to gain credibility and respect from those that sit at the management table (operational management colleagues) and the general staff. Many line managers understand neither their human resource management responsibilities nor those of the HR professionals. The onus is therefore on HR professionals to develop a marketing plan that can assist them to better communicate their role and functions as well as to get line managers to more readily accept their share of human resource responsibilities. The aims of the marketing plan are to:

- Build credibility and gain acceptance.
- Build and maintain a partnering relationship with operational management.
- Add value to operational efforts in pursuit of the enterprise’s objectives.

The following suggestions are designed to help this process.

- Prepare HR strategic plan in consultation with line managers, outlining key objectives, specific measurable action plans and completion dates and give a copy to each line manager.
- Provide feedback to managers on the results of each key objective in the company’s newsletter or whatever other medium available.
- Prepare a profile of your HR professionals and detail key areas of responsibilities and publish it in a brochure. Make it clear that human resource management activities are shared between HR professionals and line managers – see list of shared responsibilities – Table 2 & 3.
- The brochure should outline the partnering responsibilities of the HR professionals and those of line-managers.
- Emphasise the point that HR professionals are there to give support and assistance in managing staff for effective results. (See Figure. 3 - role of HR)

CONCLUSION

Critical to the HR marketing plan will be the alignment of HR activities with overall business goals and for the CEO and the operational executives to see the HR professionals as trusted advisors; honest, forthright leaders who will not only come forward to protect the organisation’s interests, but enable it to undertake new initiatives. HR professionals must master the body of HR knowledge, do their homework and use their expertise to challenge the status quo or take risks. (Source of reference - Goddard Enterprises Limited, Human Resources Division)

If Human resource professionals are to make a difference in the management of Caribbean enterprises, they will need to have a thorough understanding of the many variables impacting on employees and their ability to function in accordance with the firms’ requirements. They will also need to continually develop their competency skills ensuring that they are fully kept abreast of the professional standards of performance and that the firms benefit from the best available and relevant practices.

Of significant importance, is the need to develop an integrated set of strategies that will provide focus and energy to the necessary action plans require to achieve the firms’ objectives. Of equal importance, is the need for all managers to become cognisant of their human resources’ management responsibilities and be committed to carrying them out with no less zeal as they attach to their other operational duties. Human resource professionals must accept the responsibility to transfer such basic human resources management skills to operating managers and to partner with them to fulfil their responsibilities. Within this context the human resource professional will be better able to pay closer attention to the more complex strategic issues (described in Modules 2 & 3) that many organisations fail to come to grips with. The overarching issue must be to develop the firm’s HR philosophy. This philosophy should be the basis on which the organisation’s culture is built, hence providing strong support for human resource management systems and programmes on a continual basis. This ought to be the responsibility of the management team. However, the CEO in concert with the HR professionals must be the facilitator and driver of this process.
APPENDIX A

HR STRATEGIC COMPETENCY ISSUES

A. Systems/Strategic Thinking & HR Direction
Recognises, explores and uses a broad range of ideas and practices for analysis and correlation between human resources trends and issues and establishment of links between human resources activities, the objectives of the enterprise and the needs of the customers.

- Recognises, explores and uses a broad range of ideas
- Manages personal biases while exploring new ideas
- Applies logical and creative thinking to appropriate situations, avoiding escalation of situations to the status of problems
- Demonstrates a basic knowledge and perspective of the enterprise’s policies and procedures and how they apply to specific situations
- Reacts to unforeseen circumstances with short term actions in line with stated strategies
- Seeks information and understanding of the field of human resources especially the area most related to specific job duties including the use of research tools (for example, informational data bases, etc.)
- Systematically carries out his/her activities in accordance with HR strategy
- Translates appropriate strategies into tactical action plans

B. Customer Orientation
Seeks to understand customer expectations and requirements and uses available resources, policies and opportunities in their best interest without compromising institutional values.

- Actively helps management and staff find appropriate resources, promoting “one-stop-shopping” of a full range of HR services, wherever they are provided
- Collects and reports information on customers’ main activities by visiting their operations and/or becoming familiar with their work
- Establishes rapport with customers, affirming good listening and relationship skills through customer feedback
- Articulates the business concerns and perspectives of customers
- Demonstrates openness and flexibility in working with customer to meet their needs, arriving at mutually acceptable solutions and rarely saying, “No, it cannot be done” or “We don’t do it that way”
- Recognises and acknowledges diverse customer base by adapting responses to context and customer.
- Adapts or adjusts subject matter to meet needs of current customers.
- Talks to customers (internal or external) to find out what they want and how satisfied they are with what they are getting; collects and summarises this information for decision making.

C. Relationship-Building, Collaboration and Partnership
Establishes relationships, networks and partnerships that include a broad range of people and lead to joint projects aimed at developing policies, services and value-added products for human resources activities.

- Forges ties with people outside of his/her work unit
- Enlists the active participation of others to solve problems or address issues
- Values and listens to others; shows an interest in what others have to say; acknowledges their perspectives and ideas.
- Promotes cooperation with other work units
- Voluntarily takes time to get to know co-workers or colleagues, to build rapport and establish a common bond.
- Shares ideas and information with others in a timely, relevant and sensitive manner.
- Provides assistance, information or other support to build or maintain relationships with others
- Voluntarily asks for help from team members, as well as offering assistance to them.
- Encourages and models behaviours that can contribute to teamwork (for example, sharing information or resources, maintaining agreed-upon levels of confidentiality, avoiding gossip)
- Expresses confidence in others’ ability to be successful
• Uses multiple channels or means to communicate important messages (for example, memos, newsletters, meetings, electronic mail).
• Makes decisions by working cooperatively with others.
• Ensures that decision makers are aware of the impact of agreements on staff and customers, especially in terms of the management of change and organisational culture.
• Reports the concerns of all stakeholders to key decision-makers in order to improve the development of policies, strategies and systems.
• Articulates how one's own work impacts and interacts with other individuals and work groups across functional areas.

D. Communication
Effectively uses formal and informal communication efforts to express concepts, strategies, information and inspiration that affect the listener in the desired manner.

• Demonstrates good listening skills by using appropriate body language when speaking with others
• Speaks clearly and can be easily understood by intended audience
• Summarises or paraphrases personal understanding of what others have said to verify understanding and clarify actions to be taken/outcomes expected.
• Tailors the content of speech and written communications to the level and experience of the audience
• Uses appropriate grammar and choice of words in oral speech
• Expresses ideas and conveys information clearly and concisely in writing using concrete, specific language and using punctuation and grammar correctly.
• Demonstrates ability to synthesize complex materials from multiple sources (written reports, meetings and informal interactions) and craft into comprehensive reports using appropriate text, visual and verbal communication.
• Demonstrates awareness of and flexibility in communication style with a wide variety of cultures, audiences, organisational groups and management levels.

E. Leadership
Demonstrates corporate responsibility, administrative skill, as well as a commitment to and a vision for service.

• Skilled in setting priorities and meeting short term targets and goals.
• Shares information freely, and keeps others informed. Shares resources between work groups.
• Encourages new ideas, creativity and innovation.
• Quickly and accurately assesses situations and determines critical next steps.
• Participates in developing work plans and links individual objectives to work group or organisational objectives.
• Focuses on meeting mutual business objectives and finding ways to collaborate and exchange ideas.
• Demonstrates openness and follow-through on the ideas of others.
• Involves co-workers and other IR staff in creating a positive work environment, including promoting appropriate recognition for individual and team achievements.
• Celebrates team performance by recognizing the achievements of colleagues/team members.
• Serves as a spokesperson for the organisation or group and demonstrates confidence in its potential for success.
• Promotes fairness and teamwork among those with differences in race, gender and culture as well as hierarchical and occupational levels.

F. Consulting
Demonstrates an understanding of the consulting process as it relates to diagnosing the client's needs, developing a realistic response, planning an intervention and evaluating results in a manner that yields the desired outcomes.

• Formulate clear questions to clarify customer needs
• Makes others feel comfortable by responding in ways that convey interest in what they have to say
• Seeks the perspective of everyone involved in a situation
• Demonstrates knowledge of the consulting process
• Describes and uses needs analysis in designing consulting outcomes to clarify results desired.
• Notices discrepancies and inconsistencies in available information and raises questions as appropriate.
• Describes consulting models and methodologies that support current customer needs and strategies.
• Uses knowledge about the customer’s culture to intervene appropriately.
• Drafts effective contracts that accurately define services to be provided and expected outcomes.
• Identifies and resolves systemic issues using professional standard and practices.
• Articulates trends in the industry or marketplace to others and works collaboratively with others to resolve issues.
• Identifies complex problems and possible solutions and takes appropriate action collaboratively with others to resolve issues.

G. **Project Management**
Develops and maintains a workable plan and obtains resources to accomplish the overall good of the project; plans, manages and follows through to ensure the local flow and timely completion of activities that deliver work results.

• Uses available planning tools effectively including technology such as project management and resource tracking software.
• Gets the team actively involved in the planning effort.
• Organises own work to stay on track towards goals.
• Keeps others informed of progress, including any barriers to achievement, while maximising personal productivity.
• Implements more effective ways to accomplish tasks or achieve objectives.
• Develops clear, thorough written plans for all significant undertakings, updating and revising the project plan as needed, specifying what the project will really cost how long it will really take.
• Makes effective project start-up decisions (by considering project capacity, potential benefits and opportunity cost, as well as any possible ill-effects).
• Anticipates obstacles, barriers or gaps that would impact project success and works to continuously improve organisational capability to deliver results.

H. **Conflict Management & Dispute Resolution**
The ability to enable opposing parties to move past impasse towards the successful resolution of an issue through the application of dispute resolution techniques.

• Demonstrates good listening skills in conflict situations.
• Demonstrates creative problem solving skills when faced with problem situations.
• Conveys commitment to work toward win-win processes and outcomes.
• Speaks assertively about own interests and needs in conflict situations.
• Paraphrases what is said in order to increase understanding.
• Demonstrates knowledge of at least one conflict resolution technique.
• Articulates the difference between “position” and “interest” while involved in conflict situations.
• Demonstrates knowledge of cultural differences by exhibiting flexibility in conflict management approaches.
• Demonstrates confidence in the use of conflict management processes when meeting with individuals or groups.
• Demonstrates sensitivity to individual differences and needs of parties involved (for example, by responding differently in different situations).
• Practices investigative techniques which uncover hidden facts and interests of involved parties.
APPENDIX B: ELEMENTS OF INDUSTRIAL RELATIONS PROCESS

- State of the Economy
- Competitors
- Technology

- International Forces
- Customers

- Labour Market
- Creditors

- Suppliers
- Product Market

- Community Attitudes and Decisions

- External Environmental factors
GLOSSARY OF TERMS

**Balanced Score Card:** Involves integration of key areas (i.e. financial, customer, Process and innovation learning) into an organisation paradigm that emphasises identification and response to customers’ needs. Management then must relate to all of the organisation’s performance measures, and then create a compensation and rewards response.

**Compensation philosophy:** A statement that reflects the company’s compensation and benefits policy which should cover a broad spectrum of employee rewards including no cash benefits (such as employee health and life insurance plans, cash compensation and stock option plans (equity). Cash compensation can be broken down into base salary and variable incentive pay components.

**Competitive base pay:** The market rate for all benchmark jobs arrange from the highest to lowest to assess the relative value of each job. The jobworth hierarchy forms the basis for grouping jobs of similar value and to establish the classifications that compare with the company’s salary structure.

**Contract administration** is ensuring that both management and employees adhere to the terms and conditions of employment outlined in the collective labour agreement. It begins with developing clear, and concise language understood by both parties, and provides procedures to be used in the handling of differences between management and labour.

**Corporate Strategy:** Is the master plan of organisational strategies outlining the overall nature and purposes, goals and mission to be accomplished during a specified period. Functional strategies are then formulated and implemented.

**Critical Success Factor:** Any factor that is considered key or significant to the successful achievement of business objectives or goals.

**External Environment:** Organisation usually scan the environment in order to understand the external forces, identify opportunities and threats to gain competitive advantage and improve short to long term planning. See appendix B for examples of environmental impact.

**Functional Strategies:** Each organisation may contain a variety of functional areas, however, the following represent what are usually the most significant functional areas of concern regarding strategy - finance & accounting; human resources; sales & marketing; production/operations; information systems and research & development. Each of these areas are required to develop its specific strategies using the corporate strategy as its base.

**HRM Competency Skills:** A specific identifiable and measurable knowledge skill, ability and/or other characteristics e.g. attitude and behaviour, which a Human Resource Professional may possess and which is necessary material for the performance of one or more relevant duties and responsibilities.

**HRM Professional:** One who demonstrates HRM competency skills and is engaged in major human resource activities described in Figure 3 as the main paid occupation.

**Human resources information system (HRIS)** integrates employee information relating to education and skills training, date of employment, pay rates, department and work location, contact information, leave tracking, pension funds tracking, time management etc.

**Performance Management System:** Involves a process of determining company and individual performance objectives and standards; a procedure to assess and monitor the effectiveness of individual actions, determine levels of required improvement programmes and to develop leadership succession within the company.
**Performance Measurement System:** Performance measurement system first establishes a set of measures that combine to assess the performance of an organisation as a whole; setting individual measures quantify the efficiency and effectiveness of actions; develops a supporting infrastructure that enables data to be acquired, collated, sorted, analysed, interpreted and disseminated.

**Psychometric tests:** Comprise tests, questionnaires and other instruments to measure the performance of people in the workplace in a wide range of areas such as, personality, attitudes and values, competency, motivation, and performance management.

**Reward Strategy:** The process and methods to be followed in rewarding employees in line with the organisational's performance and the skills, competencies and performance of the individual employee.

**Stock Option:** The right given to buy company stocks at an agreed price; the right is purchased and if it is not exercised by a stated date the money is forfeited.

**Succession Planning:** A process which allows organisations to invest in identifying and preparing high potential employees to be tomorrow leaders. It helps to ensure that identified replacements are available to meet the organisational leadership requirements of the business.

**Work Rules:** represent the focal point of industrial relations, they relate to compensation or to employee rights and they reflect the dynamic and sometimes vague aspects of the industrial relations process.
APPENDIX D

HOW TO BUILD TRUST

1. Establish concisely in a manner that is recitable by all, the aim, mission, vision, and values of the firm, then manage as an inclusive system - rewarding the whole human being in a way that also rewards the firm.

2. Create a permeable organisation structure and interactive management processes in an open, trusting environment - for learning on the job and as multiplier of formal training and education.

3. Understand and communicate the interdependence of all components.

4. Conduct an audit of formal and informal measurements and controls. Eliminate noise - defined as information that does not contribute to the central mission of the firm, which is to profitably design, build, and sell a product or service.

5. Remove violators from the system, swiftly and summarily. Eliminate conditions that might cause recurrence.

SOURCES OF MISTRUST:

1. Misalignment of measurements and rewards - pits people against one another and against the organisation.

2. Incompetence or the presumption of incompetence, whether bosses, peers, or subordinates.

3. Imperfect understanding of systems, causing activity that diverts effort from the organisation's goals.

4. Information that is biased, late, useless, or wrong.

5. Lack of integrity.

ISSUES THAT HELP CREATE A TRUSTING WORKPLACE ENVIRONMENT:

1. Treat people with respect -
   a. Trust their judgement, share necessary information
   b. Have great expectations.
   c. Hold people accountable for the following: activities for which they have nominal control; activities in their spheres of influence which they do not control; proficiency in their speciality or area of activity; continued improvement in their speciality; readiness to take on new assignments; working cooperatively with their colleagues; keeping the customer in view; performing their jobs in a manner that will build trust; provide people with the tools, training, and information to do the job; provide regular, actionable feedback.

2. Pay at market rate or better.
   a. Let market forces determine basic pay ranges for each job, then beat that when possible.
   b. Avoid the cost and adversarial activity caused by the administration of differential merit increases or individual incentive pay.

3. Hire carefully and thoughtfully.
   a. Base decisions not only on skills but on ability and commitment to learning and growth.
   b. Base decisions on the candidate's perceived ability to work productively in your environment.

4. Promote carefully and thoughtfully.
   a. Make decisions on long-term evaluation.
   b. Use informal feedback from the candidates' peers, subordinates, internal and external customers - as well as supervisors and managers.

5. Produce quality product or service.
   a. Pride in the enterprise is also rewarding.
   b. Pride in work and accomplishment is powerful compensation.

6. Remove from the organisation anyone who overtly violates trust.

7. If people, making good faith efforts, do not perform satisfactorily, find out why. Reassign or retrain them. If unsuccessful, remove them from the organisation - with dignity and respect.

8. When times are tough, share the pain.

9. When times are good, share the gain.

10. Provide leadership that will build trust.
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<td>specific job assignments that will utilize new employees' highest skills to</td>
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<td>promote maximum production (fifth step).</td>
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<td>5. Follow up, develop, and rate employee job performance, decide on</td>
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<td>promotion, transfer, layoff, or dismissal. (9th step).</td>
<td>employee. (10th step).</td>
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<tr>
<td>6. Hold separation interview when employees leave - determine causes. Make</td>
<td>6. Diagnose information given in separate interviews, determine causes, and take</td>
</tr>
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<td>internal department adjustments to minimize turnover. (11th step).</td>
<td>positive steps to correct. (12th step).</td>
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<td>Line (operational) Managers</td>
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<td>2. Sincerely and actively implement executive development according to overall plans. Share information, provide challenging assignments and coach.</td>
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<td>3. Utilize HR training specialists to decide on tailor-made programmes to meet department needs for job, apprentice, and supervisory training.</td>
<td>3. Give advice and assistance to sourcing training specialists and companies in the business of planning, organising and conducting employee and supervisory training and educational programmes.</td>
</tr>
<tr>
<td>4. Give daily coaching and individual training to subordinates to meet job standards; judge their progress and suggest areas for improvement.</td>
<td>4. Prepare training outlines and visual aids in accordance with latest research in education in order to accelerate learning.</td>
</tr>
<tr>
<td>5. Assume responsibility, in some areas, for running department training to develop potentials of people.</td>
<td>5. Train department supervisors and managers to develop teaching skills in order to conduct their own training most effectively.</td>
</tr>
<tr>
<td>6. Decide on future training as result of evaluations of past training activities.</td>
<td>Provide conference leadership in certain types of training; evaluate results.</td>
</tr>
</tbody>
</table>
TABLES

Section: NEW ROLES & COMPETENCIES

Walker (1994) as reported by Conner and Ulrich (1996) states that the roles of HR professionals appear to focus on four major areas: support, service, consulting, and leadership. However, according to Walker, most HR professionals spend time in the support and service roles as compared to the consulting and leadership roles. Walker further states that enterprises want to emphasise the consulting and leadership roles. Module 2 has attempted to address these issues in a contextual manner as well as graphically (see Figure 3).

Schuler (1994) states that linking HR strategy and business strategy is a major role for human resources today. Schuler further states that HR professionals need to spend time understanding: the business strategy, competitors, technologies and customers to help the firm gain competitive advantage. In order to accomplish this, they need to use activities that link with each other, link with the needs of the business and become more customer focused. Again, Module 2 of this manual has attempted to address these issues from a Caribbean perspective.

Schuler (1990) presents six new HR roles based on where HR people spend time: (1) businessperson, (2) shaper of change, (3) consultant to an organization/partner to line strategy formulation and implementation, (4) talent manager, (5) asset manager, and (6) cost controller. Based on this analysis, Table 1 is provided to facilitate a better understanding of the strategic HR focus and competency, which HR professionals must be committed to in this century, if they are to make any significant impact on organizational efficiency, competitiveness and profitability. The term competency refers to any skill, knowledge or personal attribute that is critical to being an effective and successful performer in a given position. Competencies are future focused and are linked to the strategic direction of the enterprise.

Table 1: 21st Century Focus and Priorities of Human Resource Practitioners

<table>
<thead>
<tr>
<th>KEY CONCEPTS</th>
<th>HR PRIORITIES</th>
<th>FURTHER READING</th>
</tr>
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</table>
| HR is a major player in creating organizational capability. | • Development of people and organizations  
• Leveraging competencies.  
• Managing learning linkages.  
• Building organizational work redesign capabilities.  
• Leadership development. | Lawler (1995) |
| HR has a new “Strategic Agenda”  | • External customer satisfaction.  
• Horizontal process management.  
• Management and change.  
• Teamwork capability.  
| HR actions gain importance for creating competitive advantage.      | • Business direction/problems/plans.  
• Rewarding employees for customer service/quality.  
| HR issues are people related business issues.                      | • Managing for employee competence.  
• Managing workforce flexibility.  
• Managing for enhance competitiveness.  
| HR areas have great impact on organization performance.             | • Leadership.  
• Organisation culture.  
• Strategy in the management of HR. | Geerglades (1990). |

Section : Appendix D

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</tr>
<tr>
<td>3. Utilize HR training specialists to decide on tailor-made programmes to meet department needs for job, apprentice, and supervisory training.</td>
<td>3. Give advice and assistance to sourcing training specialists and companies in the business of planning, organising and conducting employee and supervisory training and educational programmes.</td>
</tr>
<tr>
<td>4. Give daily coaching and individual training to subordinates to meet job standards; judge their progress and suggest areas for improvement.</td>
<td>4. Prepare training outlines and visual aids in accordance with latest research in education in order to accelerate learning.</td>
</tr>
<tr>
<td>5. Assume responsibility, in some areas, for running department training to develop potentials of people.</td>
<td>5. Train department supervisors and managers to develop teaching skills in order to conduct their own training most effectively.</td>
</tr>
<tr>
<td>6. Decide on future training as result of evaluations of past training activities.</td>
<td>Provide conference leadership in certain types of training; evaluate results.</td>
</tr>
</tbody>
</table>
Figure 1: Strategic Diagnosis

Profit Problem
Are costs (fixed/variable) too high?

Sales
Is sales volume sufficient to generate required ROI?

Costs
Are costs (fixed/variable) too high?

Mission
Is the “market” (target customers, function performed) sufficient to generate required sales volume?

Revise Mission

Competitive Strategy
Is the basis of competition consistent with customer demands and internal core competencies?

Revise Competitive Strategy

Functional Strategies
Do we have a competitive advantage over our competitors?

Marketing Strategy
Are customers aware of our distinctiveness?

Revise Marketing Strategy

Human Resource Strategies
Are employees performing in ways that enhance competitive strategy?

Revise HR Strategies

Behavioral Goals
How do we wish employee behavior to change?

Revise HR Plans and Policies

Operations, R&D, Information Strategies
Are existing Human Resource Strategies consistent with behavioural goals?

WORKPLACE PLANNING AND EMPLOYMENT:

Workplace planning and employment is the process by which management ensures that it has the right number and kinds of people in the right places, and at the right times, who are capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.

Employment planning translates organizational mission and objectives into a human resource plan. Assessing future human resource needs and developing a program to meet such needs is to be considered critical to any company developmental plan.

Firms that do business in a rapidly changing, highly competitive regional and global market must hire for the organisation rather than for the job. Recruitment and selection is an expensive and time consuming process, and the enterprise must make sure that, as it continually adapts, and if necessary, transforms itself, the employees it has recruited and selected are also able to adapt and transform themselves.

As the nature of the “job” changes, the individuals in those jobs must also have the ability and flexibility to change. Job analysis, person job fit, person environment fit, and recruitment and selection are factors to be taken into consideration. It is important to develop a recruitment plan, a selection plan and an interview protocol that yields the quantity and quality of employees needed to make the business successful. Companies should determine the performance culture it considers best for their continual success – whether high or low. It should then define what set of attitudes and values are best likely to achieve the desired success and use these as guides when recruiting staff. This approach will assist human resource professionals to shift focus from the traditional factors of qualification, skills and experience to putting emphasis on having the required attitudes and values that best contribute to success. Traditional factors such as qualifications, skills and experience though very important should be regarded as basic requirements. The “required attitudes and values” factors should be the ultimate in any selection decisions. In addition, while skills and experience can be obtained on the job, attitudes and values are difficult to acquire on the job, you either have it or you don’t.

The aims of the above plans are to:

- Identify staffing requirements to meet the goals and objectives of the organization within the short, medium to long-term.
- Develop job analysis and the writing of job descriptions and performance standards and the need to develop job competencies. It is important that all new recruits are given a statement outlining what he is required to do and the standard that is expected of him/her. This makes the process of evaluation and assessment in the short to long run much easier and transparent.
- Establish hiring criteria based on required competencies. The competency skills required for each job should be listed as part of each job profile, and should be reviewed against any significant changes to the job.
- Assess internal workforce, labour market and recruitment agencies to determine availability.

Based on the effectiveness of the firm’s human resource information system, an accurate forecast of human resource needs should be made. This forecast will show the likelihood of a short fall or an excess of skills due to expansion, retirement, promotions or terminations. Assuming there is a shortfall, it will be necessary to determine the supply sources from both within and outside the enterprise. Regular attendance to schools and colleges fairs is to be encouraged. Also, enterprises should develop and maintain a skills bank to be reviewed regularly for example, every three to six months, depending on the size of your operation and the level of employee turnover experienced. Having a succession plan with annual reviews and updates is a useful tool to use to track internal talents.

- Identify internal and external recruitment methods and implement them within the context of the organisation’s goals and objectives.

Cross training within the company should be encouraged. It helps to create multi-skilling, which in turn helps to promote greater flexibility among staff. It is a useful practice to advertise internally all vacant positions. This should either be done before advertising them externally or simultaneously. It is important when doing so to list very clearly the job objectives and the required competencies.
• Develop strategies to market the organization to potential applicants.

This would include visits to, schools, colleges' fairs and organisations dedicated to executive search. A brochure of the company outlining its history, nature of business, director's profile, management structure, and achievements should serve as a useful marketing tool.

• Establish selection procedures including interviewing, testing and reference background checking.

Selection procedures may depend on the size of the firm and the level of staff being recruited. For the selection of supervisory and managerial personnel, it is recommended that the supervisors and managers in the department or division to which the new recruit will be assigned should participate in the selection process. This will certainly help to reinforce the point made earlier about assessing demonstrated attitudes and values against the established “required attitudes and values” best suited to achieve the organisational objectives.

The attitudes display in the different interviews by the interviewee will be compared and analysed against the “required attitudes and values” of the company. Some senior positions may require panel interviews. Whenever this becomes necessary, the human resource professional should chair the panel. When recruiting non-supervisory staff, the supervisor(s) to whom the new recruit will report should participate in the selection process.

The use of psychometric testing has been proven to be useful when used correctly, and perhaps need to be part of the selection process. It should not be used as a stand-alone tool, but as complimentary to the traditional interviews. Therefore the test should be taken before the interviews. Background checking should be carried out after the first interview and should be done by an independent third party.

• Facilitate and or administering the process by which CARICOM graduates and technically skilled nationals and non-CARICOM nationals can legally work in CARICOM territories.

• Develop management performance systems including succession-planning process.

Managers cite performance appraisals or annual reviews as one of their most disliked tasks. Performance management eliminates the performance appraisal or annual review and evaluation as the focus and concentrates instead on the entire spectrum of performance management and improvement strategies. These include performance improvement, performance development and training, cross training, challenging assignments, 360-degree feedback and regular performance feedback. Once this system is in place and is working well, succession planning is made easy. There is not a structured system of leadership/executive succession in many Caribbean enterprises. According to Hunte-Cox (2004) as an implication for practice, organizations need to establish a process of identifying the executive competencies needed for leadership and management continuity that are critical to creating the competitive advantage, and establish a programme to facilitate such. The absence of such a system inhibits enterprises from focussing on talent and skills development - hence it is often very difficult to find the required managerial talents.

**HUMAN RESOURCES DEVELOPMENT**

The process of ensuring that the skills knowledge, abilities and performance of the current and future organization are in place; that the individual needs through developing, implementing and evaluating activities and programmes are adequately addressed; and that programmes are in place to carry out employee training and development, change and performance management.

Users should explore experiences of their colleagues in determining how training and development is achieved in other organisations and seek to establish the extent to which Caribbean enterprises invest in training and development in relation to other competing countries outside the region. Users are advised to pay special attention to the following issues and to ensure that they understand the importance of the need to: -
• Conduct needs analysis to identify and establish parameters regarding human resource development activities.

Such needs are to be identified during the annual employee performance assessment exercise. In the absence of such an exercise, companies may wish to engage an independent professional to perform this role, perhaps once every two years.

• Develop and implement training programmes.

Once the training needs are identified, the next step is to develop a training programme after discussions with the key players – managers, employees to be trained, and instructors. The programme objectives should be clearly defined so too are the expected outcomes for participants and company.

• Evaluate training programme effectiveness.

On completion of each training programme, the supervisors/managers should meet with the participants to discuss his/her participation. The objective here is for the employee/participant to state whether learning had taken place and how such learning can help to improve his/her performance or behaviour. The supervisor/manager should then monitor his/her employees’ performance and or behaviour over a three to six months period. The supervisor/manager should communicate the results to the employees as well as to the HR professional. The HR professional must drive this process.

A factor that may determine the effectiveness of the training programme is the environment. For example, the employee armed with his/her new found knowledge might be eager to put to use new ideas, methods and techniques, but may be hindered from doing so because of “mitigating factors” within the environment. Examples of such factors are supervisors’ /managers’ management style, non-cooperation of colleagues etc. In assessing the effectiveness of training programmes, one has to take into consideration a number of factors including: the intent and purpose of the training; the commitment of both the managers and employees to make maximum use of the training; and how facilitating the support system is. Participants to all short-term training programmes should be asked to evaluate the content and delivery methodologies immediately on completion.

• Develop and evaluate change management programmes and activities.

Change usually involves the introduction of new procedures, people or ways of working which have a direct impact on the various stakeholders in the enterprise. The key to successful change management lies in understanding the potential effects of a change initiative on the stakeholders. Will employees be scared, resistant, pessimistic or enthusiastic about proposed changes? How can each possible reaction be anticipated and swayed?

As you begin to think about any kind of significant change be aware of how the change will impact others in the enterprise and your customers. A new vision, a set of driving values, mission or goals constitutes significant change. So do new performance standards, new policies or procedures or new computer equipment installation or relocation of business. These challenges may manifest themselves under different names or other guises but are essentially the challenges of leadership, commitment and focus.

HRM professionals should have a way of thinking about change. They should have a “model” which will guide analysis of the situation and help them to formulate the process of change to be implemented. HRM professionals must have a clear idea of what results the change will generate. They should influence the initiative to change at the point where they have the most control and can make reliable predictions about the consequences of the actions of the initiators. It is important for HRM professionals to recognise that change in any one point of the situation affects the whole, and therefore must be alert for unanticipated consequences of their actions.

• Develop and implement training policies and procedures.

Training policies should reflect the companies' philosophy toward training and development. It should make the distinction between training as a human capital investment and that as an expense. The policy should also define the procedures to be used in the treatment of employee initiated training programmes, as opposed to company-initiated programmes.
There are training programmes that deal with performance and behavioural issues. There are also those that are designed to meet the unique needs of particular employees, for example, fast track programmes for future development and to fulfil succession-planning objectives. Not only is it useful to cover these situations in the policy, but also provisions should be made for regular reviews and evaluation for effectiveness.

Policy formulators should pay special attention to the four major trends affecting the practice of HRD in the 21st century:

1. The diversity of the workforce
2. People will expect meaningful work and involvement
3. More people will do knowledge work, which requires judgement, flexibility, and personal commitment rather than submission to procedures.
4. A shift is occurring in the nature of the contract between organizations and their employees.

Users of this manual may wish to discuss with their colleagues, the challenges to HRD Professionals by utilizing as much as possible each other experiences in the following areas.

1. 1). Changing workforce demographics
2. 2). Competing in regional and global economies
3. 3). Eliminating the skills gap
4. Meeting the need for lifelong learning
5. Facilitating organizational learning

**COMPENSATION AND BENEFIT MANAGEMENT:**

**How Are Pay Levels Determined?**

The goals of compensation administration are:

- To design a cost-effective pay structure that will attract and retain competent employees.
- To provide an incentive for these individuals to exert high energy levels at work.
- To ensure that pay will be perceived as fair by all employees.

Fairness means that the established pay levels are adequate and consistent for the demands and requirements of the job.

The primary determination of pay is the kind of job an employee performs.

Different jobs require different kinds and levels of skills, knowledge, and abilities and different levels of responsibility and authority.

Pay levels may be influenced by the kind of business, the environment surrounding the job, geographic location, and employee performance levels and seniority.

The most important factor is management's compensation philosophy.

- Some organizations don't pay employees any more than they have to.
- Others commit to a compensation philosophy of paying at or above average wage levels.
Why Do Organizations Offer Employee Benefits?

- When an organization designs its overall compensation package, it has to take into account another element, employee benefits.
- Employee benefits are non-financial rewards that are designed to enrich employees' lives.
- Once viewed as "fringes," they have grown in importance and variety.
- The benefits offered by an organization will vary widely in scope.

Most are required to provide Social Security and workers' and unemployment compensations.

Users should focus on the legal framework surrounding compensation decisions in the Caribbean, competing models of “best practices” in pay design, the elements of direct and indirect pay, strategic options in designing compensation for job-based versus skill-based systems, and the forms of equity necessary for successful compensation systems.

Users need to be mindful of the expected free movement of “classified designated” labour throughout the territories when CSME comes into force, and the possible impact on regional compensation systems especially as it applies to regional or international companies transferring staff from one territory to another. Comparative analysis of different compensation systems of various territories will be necessary when addressing cross-border transfers.

In developing a compensation system, users of this manual are advised to:

- Establish a compensation philosophy.
- Identify elements of a total pay programme that are most appropriate to the business objectives, operating environment and culture of the company.
- Design a competitive base-pay programme; merit and incentive pay programs that provide strategic advantages to attracting and retaining highly skilled and creative employees.
- Benchmark positions to industry, local, regional and international market data.
- Establish base pay structure and benefit programme.
- Establish performance management and merit pay system.

Users will need to:

- Ensure the compliance of compensation and benefits with applicable territorial and local laws including Inland Revenue regulations.
- Analyse and evaluate pay rates based on internal worth and external market conditions (include wage and salary surveys).
- Develop, select and implement integrated payroll system.
- Evaluate compensation policies to ensure that they are positioning the organization internally and externally according to the organisation's strategic objectives.
- Analyse, develop, select, maintain and administer executive compensation, stock options and incentives (including profit sharing and bonus plans). Stock options and profit sharing are not very common in the Caribbean, but wherever they are to be found, have proven to be quite useful in creating a higher level of management commitment and entrepreneurial attitude.

The compensation and benefits policies should be communicated to the employees as they tend to forget the total picture while focusing on the take home pay. Efforts should also be made to communicate to staff the results of any compensation survey with comparative benefits data without committing any breach of confidentiality. This will establish an environment of openness and transparency leading to the perception of fairness and competitiveness regarding the company’s compensation policy. Where there is a perception of unfairness or un-competitiveness, it will lead to mistrust, lack of commitment and generally a poor attitude to the job and the company (see how to build trust – Appendix D).
EMPLOYEE AND INDUSTRIAL RELATIONS:

The process of analysing, developing, implementing, administering and performing ongoing evaluation of the workplace relationship between employer and employee (including the collective bargaining process and union relations), in order to maintain effective relationships and working conditions that balance the employers’ needs with the employees’ rights in support of the organisation’s strategic objectives.

Industrial relations and human resource management are relevant to competitiveness. How these are managed will impact on enterprise performance (e.g. its productivity and quality of goods and services, labour costs, quality of the workforce, motivation, and prevention of disputes) dispute settlements and assist to align employee aspirations with enterprise objectives. Users are encouraged to examine the differences between the greater managerial discretion that exists in the absence of a union and the lesser managerial discretion that exists when the firm’s employees are represented by a union.

Users should also examine the current industrial relations issues e.g. minimum wages, flexible/performance pay, cross-cultural management and dispute prevention.

The pros and cons of employee based versus union based HRM systems should be examined within the Caribbean context.

Users should examine the practices in their own organisations and compare such experiences with other practices within and outside of the Caribbean. Particular attention should be focused on:

- How to ensure compliance with appropriate labour laws and regulations including the International Labour Organization (I.L.O) basic standards.
- How to develop and implement employee relations’ programmes that will create a positive organizational culture example, employee assistance programme, and employee wellness programme.
- How to assist in establishing work rules and monitor their application and enforcement to ensure fairness, firmness and consistency (for union and non-union environments).
- To resolve employee complaints involving employment practices (formal, legal complaints).
- How to develop grievance and disciplinary policies and procedures to ensure fairness and consistency in their application.
- The process of collective bargaining and the post activities including contract administration.

The concept of social partnerships should also be examined alongside other industrial relations models as an alternative to effectively managing labour/management relationships.

The Focal Point in Employee/Industrial Relations

The focal point of attention in employee/industrial relations should be regarded as the work rules negotiated between management and employees or their union representatives. It is important to understand the influences determining whether a work rule exists and if so it's particular content. Work rules can be placed in two general categories: 1) rules governing compensation in all its forms - overtime payments, vacations, holidays, and so on, and 2) rules specifying the employees’ and employers’ job rights and obligations, such as performance standards, promotion qualifications and procedures, job specifications, and layoff procedures.

An analysis of work rules helps us to understand the complex output of the labour relations process. The formal labour agreement in this sense represents a compilation of jointly negotiated work rules. However, industrial relations activities are not limited to those involving the establishment and content of the work rule; it is also appropriate to examine how the particular rule is administered between union and management.

Work rules also respond to changing workplace conditions and social values overtime. For example, the common use of cell phones by workers of all categories (with multiple features) and the deadly Acquired Immune Deficiency Syndrome (AIDS), represented a dramatic new working condition that has commanded management and union concern and shaped work rules.
Participants in the Industrial Relations Process

The negotiated and administered work rules involve managers at several organisational levels and functions as major participants in the industrial relations process. HR managers and representatives are typically found at corporate, divisional, and subsidiary company levels. Industrial relations objectives are developed and coordinated at the corporate and subsidiary levels to ensure that a particular work rule, such as a wage rate for a particular job classification, does not adversely alter precedents or conditions at another subsidiary company or division.

Other participants in the industrial relations process are union officials, employees, third party neutrals and the government.

Union Officials

Union officials, usually elected by the members (of the workforce), represent the membership, but they do not necessarily represent a consensual group since unions experience internal differences of view. Members and officers do not completely agree on priorities; sometimes conflict occurs over specific tactics to be used in accomplishing commonly shared bargaining objectives.

Employees

Employees represent perhaps the most significant participant category since they often determine whether a union is even present in an organisation. Employees also determine whether a negotiated labour agreement is accepted or rejected and whether a threatened strike is actually carried out. Employees may have loyalties to both management and union organisations. This situation is found in both the private and public sectors; for example, public sector employees such as the police and teachers may feel torn between the critical or professional nature of their jobs and the strategic advantages of a strike. Employees want their organisations to thrive and prosper; at the same time, they want to share in the rewards of success. Since their desires may shape the existence and content of particular work rules, employees can be considered the third participant in the labour relations process.

Third-party Neutrals

Often differences of opinion between management and union officials are revealed in contract administration through the grievance procedure or negotiations. Third-party neutrals are available to assist the parties in settling their differences. The chief labour officer, labour commissioners and arbitrators are considered third-party neutrals.

The Government

The government participates through three activities: executive, legislative, and judicial. In the public sector, government officials also serve as management officials in the industrial relations process. This situation can become complicated during collective bargaining. For example, where government officials are confronted with intransient union negotiators, they can bring a halt to negotiations by asking government to legislate their offers.

The desires and composition of the industrial relations participants can affect the development of work rules – hence the relationships. However, these participants are in turn influenced by several variables or constraints in their industrial relations activities. These influences may relate to the particular firm, the local community, the technology, regional and international forces and the society in general (see Appendix B).

The outcomes of the application of these variables will be exclusively dependent on the competency skills, HR philosophy and the effectiveness of the strategies applied by the HR professionals and operating managers of the firms. The next two modules will seek to highlight the competency skills and the strategies required to assure effective application of the activities contained in this module.
Figure 2: The key Human Resource Variables Impacting on Human Resource Professionals’ Experience.
Figure 3: Human Resource Professional Competency Profile

HR Leadership
- Vision creation
- Commitment
- Risk taking
- Developing others
- Change advocacy
- Empowerment
- Influencing skills
- Courage

Role of HR Professionals
- Strategic partner
- Change management
- Consulting
- Service delivery

HR Expertise
- Knowledge of HR business
- Knowledge of HR practices
- Design/development/delivery of effective HR services
- Measurement of the effectiveness of HR
- Knowledge of Org design
- Knowledge of Org Development
- Knowledge/skills relating to change
- Project management
- Team building skills
- Group facilitation skills
- Application of technology to HR

Core Competencies
- Business knowledge
- Credibility & integrity
- Systems/strategic thinking
- Relationship building
- Knowledge/skills of the consulting process
- Conflict resolution & negotiators
- Problem solving
- Effective communication
- Customer orientation
- Change management

(See Appendix A)
SUMMARY

Understanding the many variables and being able to develop and apply the competency skills contained in this module, is not enough to make the HR professionals effective in their varied contributions to the firm. It requires a well thought out strategic programme designed to educate, communicate, engage and motivate those persons that are integral to the business process. The final module is therefore designed to ensure that both the business needs and those of the employees are taken care of in a manner that creates mutual satisfaction. It is also designed to allow HR professionals to communicate more effectively and to make their business partners become more aware of the connectivity of their functions, programmes and activities.
Figure 4: Integrated Human Resource Strategies

Internal Environment

External Environment

Business Strategies & Plans

Acquisition & Retention Strategies

Motivational Strategies

HRD & Training Strategies

HR Marketing Strategies

Strategy Implementation

Reward Strategies

Employee Relations Strategies

Represents the process of facilitation

HR building blocks

Internal environment factors include the company values, culture, and policies and practices.

External environmental factors include state of the economy, competitors, technology, labour market, international forces, community attitudes and decisions, customers, suppliers and creditors.
Acquisition and Retention Strategies

A starting point in the development of a HR strategy is often the identification of the long-term human resource requirements of the enterprise. The aim of HR acquisition and retention strategies should be to ensure, on the one hand, that the achievement of corporate objectives will not be inhibited by human resource shortages or inefficiencies and, on the other hand, that impending surpluses can be dealt with in good time with the minimum individual hardship and disruption to employee relations.

Broad questions will need to be answered concerning:

- Human resource requirements – how many employees are needed? Over what period? What kind of abilities and skills will be required?
- Availability – What is available now inside the company? What would be available from inside and outside the company?
- Retention – What is the company's experience in retaining staff? What are the problems and how can they overcome?
- Human resources utilisation – How well are human resources used in the company? What is the scope for increasing productivity?

Motivation Strategy

Motivation strategy will refer to the performance management and reward systems, and in particular to the type and scale of financial incentives which are to be provided. It will also be concerned with other processes which should yield favourable attitudes, including job design, participation, joint objective setting, career development, and any other processes relating to the individual's need to achieve and maintain a sense of personal worth and importance. Motivation is also affected by the quality of leadership in the organisation; therefore the selection, training and development of effective leaders should be part of the strategy.

Human Resource Development and Training Strategies

A human resource development strategy is concerned with the longer-term programmes needed by an organization to improve operational performance at all levels, in accordance with the additional demands which the business strategy will place on people in the future. The strategy will provide continuous development processes linked closely with the programmes designed for the organisation as a whole to implement its product, technology and market development strategies.

The associated training strategy will be concerned particularly with the development of new or existing competencies, and with multi-skilling. For example, it will take account of the introduction of new technology and of increased demand for ‘knowledge workers’, and for ‘systems technicians’ on production lines.

Reward Strategy

A reward strategy will be concerned with:

- Developing a high performance-oriented culture.
- Underpinning the organisation’s values, especially those relating to excellence, innovation, performance, teamwork and quality.
- Conveying a message to prospective high-calibre employees that the organisation will satisfy their reward expectations.
- Ensuring that the right mix and levels of rewards are provided in line with the culture of the organisation, the needs of the business, the needs of employees and the economic, competitive and market environment in which the business operates.
- Linking reward policies, systems and procedures to the key business and human resource strategies for innovation, growth, development and the pursuit of excellence.
- Developing a strong orientation toward the achievement of sustainable high levels of performance and increases in levels of competence, thus contributing to the processes of empowering, enabling and energising all employees.
• Indicating to existing employees what types of behaviour will be rewarded and how this will take place, thus increasing motivation and commitment and improving performance.

EMPLOYEE RELATIONS STRATEGY

The aim of an employee relations’ strategy is to develop policies, systems and procedures which maximise the degree to which management and employees will co-operate to their mutual benefit, and minimise the causes and effects of unnecessary conflict or restrictive practices.

This strategy will be concerned with enhancing mutuality, improving relationships and establishing and maintaining the rules and procedures, which govern the management and discussion of issues affecting the company and its employees. It will encompass strategies for union recognition and for any collective bargaining arrangements. It will also cover the strategies for negotiations and for involving employees in the affairs of the company as well as for communicating to them information about the company’s performance and future plans.

STRATEGY IMPLEMENTATION

Strategy implementation has two aspects:

1. Translating the strategy into specific HR objectives;

2. Identifying critical success factors and their associated performance indicators to monitor the success of the objectives and policies in meeting the HR strategy, and in fulfilling the business strategy.

The first aspect involves analytical brainpower exercise, thinking through the implications of the strategy, and what existing policies might need to be changed. Most importantly, it involves developing an action plan for implementing the changes. The only information requirements of this might be a review of previous change management activities to learn lessons (good or bad) from them.

The second aspect, of identifying the critical success factors and setting up systems for monitoring them, is equally important but is in danger of being ignored by the HR function. Few organisations consciously monitor the effects of their HR policies in terms of meeting the objectives they are meant to achieve. Monitoring, feedback and amendment to some extent - consider the regular adjustments that are made to employee performance management system, or the annual changes to salary structures and benefits packages. But we suspect that the former changes are usually reacting to yet another set of criticisms from the users or “victims” of the employee performance management system, while the latter are often a reaction to external market forces plus whatever is fashionable in reward structures that year.

It is very seldom for HR practitioners, to assess consciously the impact of their HR policies in terms of what they were meant to do, and make adjustments accordingly. At best, they will be reactive – “our labour turnover rates are too high; therefore we must pay higher salaries/give service payments/provide more training courses”. Such piecemeal, reactive approach is likely to lead the commonly found situation of different HR policies giving conflicting messages to staff and working against each other in promoting the business strategy.

The development of an HR strategy must be accompanied by an effective marketing and implementation plan to be followed by a systematic evaluation. A strategy for gaining commitment to change should cover the following phases:

Preparation - In this phase, the person or persons likely to be affected by the proposed change are identified and made aware of the fact that a change is being contemplated.

Acceptance - In the second phase, more specific information is provided on the purpose of the change, how it is proposed to implement the change and what effect this will have on those concerned. The aim is to achieve understanding of what the change means and to obtain a positive reaction.

Commitment - During the third phase, the change is implemented and becomes operational. There will inevitably be delays, setbacks, unforeseen problems and negative reactions from those faced with the reality of change. A response to these reactions is essential so that valid criticisms can be acted upon or explanations given of why it is believed that the change should proceed as planned. After further modifications as required, the change is institutionalised and becomes an inherent part of the enterprise’s culture and operations.
MARKETING HR STRATEGY:

A major challenge facing Human Resource Professionals is how to effectively market their activities to gain credibility and respect from those that sit at the management table (operational management colleagues) and the general staff. Many line managers understand neither their human resource management responsibilities nor those of the HR professionals. The onus is therefore on HR professionals to develop a marketing plan that can assist them to better communicate their role and functions as well as to get line managers to more readily accept their share of human resource responsibilities. The aims of the marketing plan are to:

- Build credibility and gain acceptance.
- Build and maintain a partnering relationship with operational management.
- Add value to operational efforts in pursuit of the enterprise's objectives.

The following suggestions are designed to help this process.

- Prepare HR strategic plan in consultation with line managers, outlining key objectives, specific measurable action plans and completion dates and give a copy to each line manager.
- Provide feedback to managers on the results of each key objective in the company’s newsletter or whatever other medium available.
- Prepare a profile of your HR professionals and detail key areas of responsibilities and publish it in a brochure. Make it clear that human resource management activities are shared between HR professionals and line managers – see list of shared responsibilities – Table 2 & 3.
- The brochure should outline the partnering responsibilities of the HR professionals and those of line-managers.
- Emphasise the point that HR professionals are there to give support and assistance in managing staff for effective results. (See Figure. 3 - role of HR)

CONCLUSION

Critical to the HR marketing plan will be the alignment of HR activities with overall business goals and for the CEO and the operational executives to see the HR professionals as trusted advisors; honest, forthright leaders who will not only come forward to protect the organisation's interests, but enable it to undertake new initiatives. HR professionals must master the body of HR knowledge, do their homework and use their expertise to challenge the status quo or take risks. (Source of reference - Goddard Enterprises Limited, Human Resources Division)

If Human resource professionals are to make a difference in the management of Caribbean enterprises, they will need to have a thorough understanding of the many variables impacting on employees and their ability to function in accordance with the firms’ requirements. They will also need to continually develop their competency skills ensuring that they are fully kept abreast of the professional standards of performance and that the firms benefit from the best available and relevant practices.

Of significant importance, is the need to develop an integrated set of strategies that will provide focus and energy to the necessary action plans require to achieve the firms’ objectives. Of equal importance, is the need for all managers to become cognisant of their human resources’ management responsibilities and be committed to carrying them out with no less zeal as they attach to their other operational duties. Human resource professionals must accept the responsibility to transfer such basic human resources management skills to operating managers and to partner with them to fulfil their responsibilities. Within this context the human resource professional will be better able to pay closer attention to the more complex strategic issues (described in Modules 2 & 3) that many organisations fail to come to grips with. The overarching issue must be to develop the firm’s HR philosophy. This philosophy should be the basis on which the organisation’s culture is built, hence providing strong support for human resource management systems and programmes on a continual basis. This ought to be the responsibility of the management team. However, the CEO in concert with the HR professionals must be the facilitator and driver of this process.
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