

CHAPTER 4

ORGANIZATIONAL STRATEGY

Preface

In this chapter students explore employer labour relations strategies. In particular, what non-union organizations can do to meet the expectations of today's employees. With approximately one in three Canadians being unionized and further 56% of Canadians hold positive views of unions, and more Canadians oppose right to work legislation, unions are a very important organizational business partner and member of Canadian communities.

Learning Objectives

- 4.1 Explain organizational strategy and the processes or methods used to achieve those objectives
- 4.2 Outline alternative labour relations strategies
- 4.3 Identify factors affecting an employer's labour relations strategy
- 4.4 Describe the features of high-performance work systems, and explain their implications for labour relations

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Lecture Outline/Syllabus

I. Management Strategies

To understand the strategies, and supporting policies and practices that employers could adopt, it is necessary to consider the objectives those policies and practices are trying to achieve. In the private sector, the conventional wisdom is that management has two core objectives: the maximization of profit and maintaining control over the business. In the public and non-profit sectors, employers seek to balance operating budgets, comply with government policy initiatives, and meet demands for public services at reasonable costs.

Efficiency

To maximize profits, private-sector employers will seek to increase efficiency or productivity. Efficiency means that goods and services are produced with the lowest possible amount of capital, labour, energy, and material resources. Productivity may be defined as the ratio of an organization's outputs (goods or services) by its inputs (people, capital, materials, energy, etc.). Productivity growth and productivity levels are both important.

When the HRM professional is approached about organizational productivity concerns their attention may turn to any or all of the three variables of Productivity from a human resources management perspective may be expressed as a function of three variables: ability, motivation and environment or $P = f(a \cdot m \cdot e)$.

Output may be declining due to the employee's reduced ability to perform job duties. The focus here is can the employee perform the assigned work. Reduced employee performance may be due to a skill, knowledge or ability (KSA) shortcoming. Alternately, it may also be due to physical or emotional factors that prevent the employee from performing at an optimal level. In relation to motivation, the focus is *will* the employee perform the assigned work? Stress can be caused by workplace or external factors, lack of job performance feedback and interpersonal relationships with supervisors or peers can all reduce employee motivation to work. The employee may have the required abilities and may be motivated to perform their job, but factors in the environment may interfere with work output. Additionally, environmental factors may include poorly maintained equipment integral to the performance of assigned duties, a toxic work setting caused by harassment or bullying, along with other variables such as inventory supply and work team dynamics.

Strategies employers have used to foster productivity improvement include production/job design, technology and re-engineering. Henry Ford perfected the "continuous-flow" production design model for automobile manufacturing in the early 20th century. Fordism shifted the production paradigm that prevailed prior to the introduction of the assembly line. Instead of skilled employees moving from job to job to assemble a final product, Fordism now saw de-skilled workers remain stationary while the assembly lines brought gradually assembled vehicles and parts to be added to their stationary location on the line. While greater efficiencies in support of productivity were achieved through Fordism, unions now gain an advantage by groups of strategically placed production workers able to stop production due to a labour grievance.

Job design is a strategy to enhance organizational efficiency and employee satisfaction, through technological and human considerations. In the face of external forces such as global competition, technological advances and the rise of a service economy, the traditional notion of a job as a set of well-defined and clearly stated responsibilities has changed. Narrowly defined jobs have given way to broader descriptions of employee competencies that embrace cognitive complexity, team orientations, IT skills and flexibility in work scheduling and location. Concepts such as job enlargement, job enrichment, job rotation and ergonomic modifications are design strategies to allow greater utilization of employee skills, knowledge and abilities and improve job satisfaction. Union-management discussions on such key changes to traditionally defined jobs

will typically occur during collective bargaining or through joint committee deliberations. Re-engineering strategies see a fundamental rethinking and redesign of business processes to achieve improvements in efficiencies, costs and quality. For example, a client-centred business process is closely examined by a team of industrial engineers who conclude that five components of a 14-step service cycle could be eliminated through re-engineering without any impact on service quality and a 15 percent jump in customer approval ratings. Re-engineering has been referred to as McDonaldization, an extension of Fordism's assembly-line model into contemporary organizations to serve the employer's quest for improved efficiencies and control. Unions have been critical of how such processes, aided by technology, have enabled the decline of full-time jobs, a growing contingent workforce and privacy issues related to the monitoring and gathering of employee performance data.

The development of new technologies continues to be a dominant environmental force for change. While employers seek to control labour costs and boost efficiencies in production, technological change leads unions to seek assurances of job security and skill integrity for their members. It has been noted that since the 1980s there has been an increase in collective agreement language dealing with the matter of technological change—with over 30 percent of such agreements containing provision for joint union–management committees on this topic. Some 15 percent of collective agreements are reported to include language on special layoff notices associated with technological change.

There is disagreement over the measures that should be adopted to improve productivity. Some observers have cited the following as possible reasons for the decline in Canadian labour productivity: insufficient investment in higher education, inadequate quality of math and science education in secondary schools, insufficient employer training, excessive business regulation and inadequate investment in capital goods. Employers tend to favour measures such as corporate tax cuts and government deregulation. Unions prescribe measures such as additional investment in infrastructure and employee training. Using the human resources model for productivity analysis, unions and management may approach specific remedies through joint problem-solving approaches such as modified work programs, employee assistance plans and health and safety or engineering audits of particular production areas.

Productivity is an important issue facing private-sector employers that could affect current labour–management relations or the prospect of unionization by dissatisfied employees. Although in the public sector the provision of services is the primary objective rather than the pursuit of profit, there should be the same concern for efficiency or productivity. Governments are facing increased demands for services such as health care, while at the same time being cognizant of the political consequences of increasing corporate, personal and property taxes. Some observers are using the language of the private sector to describe objectives and processes in the public sector. There are references to improving the business of government and viewing the public as customers.

There are two employer processes that support both management objectives of productivity and control. These are seen in collective bargaining and collaboration with unions. The previous section has described processes aimed to improve productivity and efficiencies for the employer. The introduction of technology by the employer is driven by a competitive need for improved

efficiencies as well as the desire to better control the production process. The employer can address these interests with the union through the collective bargaining process. There are also situations where the employer may seek out collaboration with its bargaining unit, again to support productivity and control objectives. Health care organizations with an aging demographic of care providers have formed joint return-to-work committees with unions representing nursing and health care aid workers. The employer wishes to minimize the impact of lost time injuries to its staff, which impact unit productivity measures related to patient care. Similarly, these employers wish to control related worker compensation costs associated with short- and long-term on-the-job injuries due to such physically demanding work. Union representatives wish to be recognized for their advocacy role in returning their members back to modified or full-time duties as soon as possible. This mutual interest is typically realized through joint union–management committees comprised of HR staff, union local representatives and third-party insurance advisors.

Control

Control of the workplace has been cited as a management strategy that is as important as efficiency. Managers need control to reduce uncertainty or risk. Additionally, for some managers maintaining control or the right to manage may be based upon personal belief or ideology. They may think that if they are not in control the organization will suffer. For example, if the employer decides to terminate an employee or install video monitoring equipment, there will be an issue with the union. Many employers perceive that a union will prevent them from achieving either or both of their objectives of productivity and maintaining control. Even though a union represents employees, it is still possible for the employer to take unilateral action in areas not covered by the collective agreement. Although such action is subject to constraints the presence of a union does not eliminate management's residual right to manage. For example, an employer could change the timekeeping-attendance system to make it more efficient without consulting the union. The employer can use the grievance and arbitration process to achieve its objectives. Although unions file most grievances, employers can also use the process to protect their interests. For example, in one case where a union had instructed employees not to participate in an employee suggestion program, an employer filed a grievance and an arbitrator found in favour of the employer.

In collective bargaining, the employer may face unresolved contract issues that threaten its competitive position or financial viability. A control process used to force economic hardship on the union at such times is known as a lockout. This is a legal process that prevents union employees entering and working their scheduled shifts, and thus not earning any wages. The employer's strategy is to control the bargaining process by using economic pressure on union members to eventually return to the bargaining table with amended bargaining positions more closely aligned to those of management. If employees pursue a union, some employers will actively oppose the unionization of their employees by campaigning against the union, or in some cases resorting to legal action to oppose the union. Walmart is one employer that has used various methods, including the courts, to oppose the unionization of its stores.

Unions, through labour federations and congresses, work to influence provincial, territorial, and federal legislators through various political activities such as presentations to legislative

committees and public protests. Employers also seek support from politicians and engage in lobbying efforts, sometimes through their business associations, to influence public policy, legislation and restrictive regulations. Employers can also achieve their objectives by working collaboratively with a union to improve quality and reduce workplace accidents.

II. Labour Relations Strategy

An organization's labour relations strategy refers to how the employer chooses to manage the unionization of its employees. There are several possible strategies employers can adopt, ranging from acceptance to extreme opposition. Specifically, there are eight factors that affect the employer's approach to unions.

Labour relations strategy is how an employer manages the unionization of its employees. We will first consider factors affecting an employer's labour relations strategy.

COMPETITIVE STRATEGY OF THE EMPLOYER An organization's competitive strategy refers to how it tries to compete in the marketplace over the long term—how it attracts buyers and improves its market share.

UNION OR NON-UNION STATUS OF COMPETITORS An organization that competes in a sector that is heavily unionized may be less likely to oppose unionization than an organization whose competitors are all non-union. If the organization were the only unionized competitor, it would have to be concerned about its compensation costs exceeding that of its competitors.

EXPERIENCE WITH UNIONIZATION If an organization has several operating units or locations, some of which have been unionized, its experience with collective bargaining may affect the employer's approach to unions at sites that are not yet unionized. If the experience has been negative, perhaps because of a strike, the employer would more likely oppose unionization at its non-union locations.

MANAGEMENT VALUES OR IDEOLOGY The values and beliefs of the organization leadership could affect the organization's approach to unions. The values or outlook of the senior managers toward unions could also impact the employer's labour relations strategy. If managers philosophically oppose unions, they may be more inclined to oppose or try to eliminate the union even if the rational choice would be to pursue a more collaborative approach.

UNION PHILOSOPHY OR POLICY The approach or philosophy of the union the employer is dealing with may affect the choices and actions available to it. An employer might wish to pursue a cooperative approach; however, the success of this will depend on the union's reaction. Some unions have been more receptive to employer efforts to make changes and include the union in the change process. The role and influence of the parent union also can influence labour relations at the local level.

UNION POWER AND ABILITY TO OPPOSE EMPLOYER If an organization is already unionized, the union's strength or power may influence the employer's approach. If an employer

is considering a strategy that involves confronting or challenging the union, it may be more likely to do so if the union is in a weaker position. It is reasonable to assume that an employer with only one unionized location among several would oppose the union because it is viewed as vulnerable.

EMPLOYEE GROUPS Certain employee groups, such as those who are part-time, younger or have a higher turnover rate, may make it easier for employers to be more union-hostile. Younger employees may be less familiar with unionization and their rights and more likely to quit in the face of employer opposition. In contrast, employees who are highly skilled and full-time have more invested in the workplace and may be less likely to quit and more likely to support the union in a confrontation with management.

LEGAL ENVIRONMENT The legal environment can affect the employer's ability to oppose unionization and the approach taken by the employer. Generally, the legal environment in Canada makes it more difficult for employers to oppose unionization. In Canada, some jurisdictions allow a union to obtain the right to represent employees on the basis of signed membership cards without a vote of employees. In most Canadian jurisdictions, there is a provision for the arbitration of first contract disputes if an employer takes an unreasonable position in bargaining: a reluctant employer may have a first contract imposed.

III. Possible Employer Strategies

UNION OPPOSITION Union opposition is the strategy used when the employer has no unionized employees and wants to remain so. Employers adopting this strategy are likely hostile to unions and may be willing to use both legal and illegal methods to avoid unionization. Some have used tactics such as avoiding the selection of union supporters, transferring union supporters and dismissing employees. The legal framework in Canada makes this a risky employer strategy due to protections afforded to non-unionized employees under the Charter of Rights and Freedoms and an expectation of "good faith" labour practices by management when dealing with unions. For example, Walmart has utilized a Union Probability Index to monitor employee behaviour and morale. If the index indicates union formation is likely, management teams move into the store location to ensure a union is not formed.

UNION AVOIDANCE OR SUBSTITUTION Union avoidance or substitution is another strategy used to prevent unionization, where the employer uses legal means to convince employees they do not need a union. For example, Home Depot invested considerably to produce videos to influence employees not to form a union. It might involve matching the union rate of pay in an industry.

UNION ACCEPTANCE Union acceptance refers to a strategy in which the employer may not want to have a union but remains neutral in a union organizing attempt. If the certification drive succeeds, the employer tries to negotiate the best collective agreement possible. The adoption of a union acceptance strategy means that the employer will pursue more collaborative processes involving the union, such as joint union-management committees.

Union acceptance is a strategy in which the employer remains neutral in an organizing attempt, and if the attempt is successful tries to negotiate the best deal with the union.

UNION RESISTANCE A union resistance strategy might arise in an organization that is partially unionized. The organization attempts to limit the further spread of unionization to other groups of employees. This strategy may involve aspects of the union avoidance strategy, such as extending wage improvements to non-unionized workers that are similar to those negotiated with unionized employees.

UNION REMOVAL A union removal strategy involves the employer attempting to rid itself of any unions. The tactics used might include stalling in negotiations in the hope employees will become frustrated with the union, enduring a strike in the hope employees will become disenchanted with the bargaining agent, or attempting to use the legal process to challenge the union.

IV. Strategies of Canadian Employers

It has been commonly thought that Canadian employers do not oppose unions. However, a distinction should be drawn between employer actions before a union obtains the right to represent employees and after the union has obtained bargaining rights. A study examining employer opposition to unions at the organizing stage suggests that employers commonly oppose a union attempting to gain bargaining rights. The study considered employer reaction to organizing attempts in eight Canadian jurisdictions. Opposition to the union was found to be the norm; only 20 percent of employers did not oppose the attempt in some manner. Sixty percent of employers admitted to engaging in active resistance to the union, and 12 percent admitted to committing unfair labour practices during the organizing drive. This important study suggests that employer opposition to union certification is more frequent and persistent than has been assumed. Once a union has obtained bargaining rights, there is evidence that the predominant approach in Canada is union acceptance.

Importance of Labour Relations Strategy

The labour relations strategy adopted by management, for example, union acceptance versus union removal, will affect the processes and policies of the employer and its human resources management strategy and practices. The organization's basic outlook toward unions will also influence the extent to which the employer is willing to adopt less confrontational processes.

V. HRM Strategy

When dealing with the new economic realities, employers should consider an alternative human resource management strategy: a high commitment HR strategy. The high commitment strategy refers to supporting employees to identify with their employers to therefore increase their efforts to reach the organizational goals.

High commitment HR strategy

The high commitment HR strategy involves seeking a competitive advantage by pursuing product and service differentiation via human capital instead of competing on the basis of price,

using labour with more skills and perhaps providing higher compensation, adopting better technology and production systems and investing more in training. As part of this approach, employers might move toward a high-performance work system.

High-Performance Work Systems

High-performance work systems (HPWS) is a human resources management strategy that fosters employee engagement as valued business partners to support organizational success and competitive advantage.

HRM practices within a HPWS include employment security, selective employee selection, decentralized decision-making, results based employee compensation, advanced employee training, empowering employees as peers, and information sharing .

Policies and Practices for a High-Performance Work System

1. High standards in recruiting and selection
2. Job redesign
3. Comparatively high compensation contingent on organizational performance
4. Employment security
5. Sharing of financial and performance information with employees
6. Minimum status differences
7. Employee involvement
8. Dispute resolution systems
9. Training and skill development
10. Performance expectations emphasizing continuous quality improvement

Some forms of participation may be direct, referring to the fact that employees deal directly with management, while others are indirect, meaning that employee representatives deal with management. Dispute resolution processes refers to measures to protect employee interests, including formal committees with employee and management representatives. Some employers have gone as far as allowing these committees to make binding decisions. The training and skill development required does not refer just to technical skills. In order for employees to be able to work in teams and become more involved, they will need training in areas such as communication, conflict resolution and decision making. Some of the proponents of HPWS note that in order for a system to be successful, it cannot be adopted in piecemeal fashion because some of the components support each other. For example, if an organization invested additional resources in training and skill development, but did not provide for increased compensation, it is possible that employees would quit and take their additional skills to a new employer.

ADOPTION OF HIGH-PERFORMANCE SYSTEMS IN CANADA The evidence indicates that high-performance work systems have not yet been widely adopted in Canada. It appears that a majority of Canadian employers have adopted some high-performance workplace features and practices, but only a few have adopted a complete package. The majority maintain a traditional system in which little strategic priority is placed on human resources. The high-performance model seems to have been more widely adopted in the United States.

EFFECTIVENESS OF HIGH-PERFORMANCE PRACTICES Whether high-performance practices have been effective is a matter of some debate. An HPWS could entail additional costs, especially in the areas of training and development, and compensation. Some observers point to US and Canadian research that shows high-performance systems produce positive financial results. However, others say “it would appear that, on average, the full adoption of this paradigm may not yield outcomes that are appreciably more positive than those yielded by practices that have long been associated with good management, including professional personnel practices (e.g., job ladders, employment security, grievance systems, formal training, above-market pay), group work organization, information sharing and accommodative union relation policies.” A review of in-depth industry studies shows that there are specific industry contexts in which there is a distinct possibility that firms will benefit from the high-involvement route to high performance. The most conclusive evidence from this in-depth review, is drawn from the work in automobile manufacturing and from the studies of steel production. In these cases, there is good evidence that willing worker engagement in problem solving in a technologically sensitive production process enhances machine uptime, quality and on-time delivery. However, the authors of the study also noted that there is clearly a need for caution with overgeneralized claims of economic benefits and that the path ahead is very much one of studying production processes in specific worksites and industries.

SIGNIFICANCE FOR LABOUR RELATIONS The adoption of high-performance practices by some employers has implications for labour relations. Some have questioned whether high-performance practices have had negative effects for employees, including increased workload, more stress, longer hours and a faster pace of work. Unionized employers seeking to adopt features of HPWS will likely encounter union resistance to some components of an HPWS. To improve product quality and productivity, firms must pursue technological innovation. Unions will seek protection in collective agreements from technological change leading to job losses. Employers may seek contingent or variable pay plans for the purposes of increasing productivity that might include gain-sharing and profit sharing. Where the employer seeks to implement changes such as variable pay that are different from established collective agreement terms, the likelihood of union resistance appears to be high. Although employers may be able to implement some changes without the consent of the union where the changes are not prohibited by the collective agreement, the effectiveness of this approach is questionable.

There is evidence that union participation and support of innovation programs can improve the chances of their success. In the United States, increased employee involvement has been part of employer attempts to avoid unionization. Canadian unions fear employee involvement as an employer tactic used to influence employees and weaken the union. Employers who wish to increase employee and union involvement will have to address these concerns.

VI. Employee Relations Programs

Remembering that approximately 30 percent of Canadian workers belong to unions also means that there can be a large number of non-union employees in the same organization. Thus, in discussing employer objectives and processes it is reasonable to conclude this chapter by addressing the HR programming area referred to as employee relations. This term was defined in Chapter 1 as activities and processes aimed at maintaining a productive workplace. This discussion realizes

that employee relations programming does not strictly divide an organization's staff into exclusive union and non-union camps. The discussion of key employee relations program components will rather look at why such initiatives should be considered an element of human resources management in an organization and, when used, what if any considerations should be understood when such work environs include one or more union groups.

Advice and guidance to managers regarding effective employee relations strategies is a required professional competency for contemporary human resources professionals in Canada. Consultations with supervisors in building effective communication networks, staff recognition and employee involvement programs, progressive discipline practices and diversity management strategies together assist in strengthening relationships with company employees. Such improvements have been identified to improve productivity, ensure implementation of corporate strategies, reduce employment costs linked to absenteeism and turnover, and facilitate employee growth and development.

Employee Communications

Organizations are made up of networks of individuals who come together to achieve a common purpose. Whether this outcome is aimed at profit, personal growth and well-being or socially desired achievements, it is assumed that individuals in that organization must effectively communicate with one another. To not do so may lead to needless errors, poor performance and the perceptions of unfairness or abandonment.

Such practices are important as a result of significant organizational transformation. While hierarchical management structures still exist, many companies have opted for flatter corporate paradigms. This shift was often caused by the need to cut costs to remain competitive in a globalized marketplace. One of the spinoffs of such restructuring was the emphasis on employees becoming more directly involved in communicating with their peers, customers and suppliers.

The rapid transformation of communication technologies has also set up an interesting dynamic regarding the expectations of the speed and immediacy in response time between communicators in the workplace. This is particularly true between a supervisor and his or her employees. Communicating "up and down," the organization may now be faster because of leaner corporate structures and the proliferation of technologies. Such communication patterns are still key ingredients in building successful employee relations in contemporary workplaces. Communications patterns in today's workplaces include both formal and informal patterns to sharing information. Two main approaches involve upward and downward communication networks. Downward or "top-down" communication is best described as management sharing information down toward the employees and is designed to inform or influence others in the organization. Such means for communicating also provides knowledge about "what is" in the company at a given point in time as well as informing employees regarding their work performance. An example that combines the desire of management to communicate their successes to others in the company with the immediacy brought about by technology is Eli Lilly, an international pharmaceutical firm that showcases employees who have made a special contribution by putting their pictures on video screens throughout the firm's Toronto corporate offices.

Bottom-up communication allows employees to share their work experiences and perspectives on the business with those in a position of power—whether it be their supervisors or executives in the C-suite. Several common upward communication strategies have been outlined by Schwind, Uggerslev, Wagar, Fassina and Bulmash. One of the more intriguing forms of moving information “out and up” the organization is the 21st century’s equivalent of the office “grapevine”: the use of social media. Savvy employers have encouraged such upward communications by establishing various social media platforms within the company and integrating this employee communication strategy into their corporate culture. Not only do social media replace the more static communication vehicles of today’s workplaces, such as newsletters, they also allow employees to directly distribute information and engage in conversations about workplace issues. The concept of employee relations is realized, particularly by millennials accustomed to social media, through social networks that provide greater connectedness in traditional corporate hierarchies and between organizational members who otherwise may not talk to one another because of distance, staffing level or job design. In fact, it has been noted that millennials can force corporate leaders to adopt a culture-oriented to internal customer service, treating employees in the same manner as their clients.

Staff Recognition Programs

In 2012, Forbes reported on a study of employee recognition programs that showed companies spend between 1 and 2 percent of payroll on this human resources activity. The study also showed that 87 percent of such recognitions were based on employee tenure as opposed to job performance. This emphasis is due, in a historical context, to the union movement in North America. Contemporary thinking suggests that the purpose of recognition programs is to encourage greater levels of discretionary effort by employees. The Forbes research referenced companies such as Intuit and Deloitte that have linked their recognition rewards to corporate mission and goals. In such settings, what is “thanked” relates to behaviours tied to the company’s strategy and witnessed in acts of customer service, innovation and teamwork. Such “recognition-rich” business cultures have reported reductions of 31 percent in voluntary turnover.

Unions and their supporting organizations are involved in the topic of employee recognition programs. The Professional Institute of the Public Service of Canada discussed this issue in 2013, noting five award categories. These included milestones and retirement, people’s choice, instant recognition, awards of excellence and external awards at unionized workplaces. A broader level of community recognition of union members was displayed between the United Way of London-Middlesex in Ontario and local trades and labour councils. Their Images of Hope award recognizes the effort of an extraordinary individual from the labour community who provided out-standing volunteer service to the local United Way and to the community. Although such recognition may move beyond the normal scope of awards sponsored by an employer, the company has an opportunity to showcase award winners to fellow employees, thus contributing to the individual’s recognition by her peers as well as symbolizing important elements in corporate responsibility and values.

Employee Involvement

Changes in the environment such as globalization, new technology, and increased competition are forcing employers to change methods of operation. Some have attempted to move toward a high-performance organization that includes employee involvement, flexible jobs, increased training and variable pay. Employers may pursue these new approaches to utilize employee knowledge and expertise, increase motivation, reduce costs and increase productivity and quality.

Some employers may adopt changes such as employee involvement groups in order to increase employee satisfaction, which may also have a positive impact on retention and recruiting. Some may be forced to adopt employee participation because of a crisis caused by a loss of business or some other external shock. Others may have adopted it in order to copy what is viewed as the best practice of other employers. In some cases, employee participation has been adopted as part of a program to deal with a deteriorating labour–management relationship. Employee involvement may be adopted in conjunction with other workplace changes such as job sharing, employee attitude surveys and job rotation.

Forms of Employee Involvement

Employee involvement, also called worker participation, employee participation or the high-commitment organization, includes a range of possible measures to increase employee input into business operations: quality circles, employee problem-solving groups, joint employee–management committees, employee work teams and co-determination. Co-determination, sometimes called joint governance or strategic alliance, raises special concerns regarding the role of the union, which are referred to below.

Quality circles are groups of employees who investigate problems relating to quality and make recommendations to management for improvements. Problem-solving groups are teams of employees who meet to deal with particular issues such as the installation of a new computer system. Problem-solving teams make recommendations to management; however, they do not have the authority to implement their recommendations. As the name indicates, employee–management committees include representatives of both management and employees charged with the responsibility of making recommendations to the employer. A health and safety committee is an example. Self-directed teams or self-managing work teams are distinctive because they have more autonomy and responsibility. Typically, they take on tasks previously undertaken by management. For example, work teams may assume the tasks of tracking and distributing their own overtime.

Employee Involvement Under the Collective Agreement

Employee and union involvement can be achieved either pursuant to provisions contained in the collective agreement or outside of the agreement. Joint union–management committees or task forces can be used to address a range of issues associated with compensation, employment security, training and working conditions.

Employee Involvement Outside of the Collective Agreement

UNION VIEWPOINT An employee involvement program undertaken outside of the collective agreement should take into account union concerns about such programs. Some unions have been more receptive to employee involvement programs than others.

Many of the reasons for union support or opposition to employee involvement relate to a basic difference in approach to the relationship between unions and employers. Those who think there is a fundamental conflict between the interests of the employee and the employer are more likely to oppose such programs. Union leaders may view employee involvement as a management attempt to increase the pace of work so that more output can be obtained for the same wage. A few union leaders believe that increases in efficiency and productivity will only benefit management. They allege that management will use employee involvement to have employees work themselves out of a job. Because employee involvement programs seek to have employees adopt company goals, union leaders fear that employees may develop a greater attachment to the employer's goals and objectives than those of the union. In other words, instead of empowerment, some union leaders view aspects of employee involvement as manipulation. Other union leaders believe that if change is to be undertaken, there is merit in being involved so they have an opportunity to protect employee interests. Employee involvement often includes training, which may benefit employees. Programs have included training in language and IT skills. This may have benefits for employees outside of the workplace. In one case, employees observed that training in English allowed them to talk to the friends of their children for the first time. In some cases, the increases in job skills can be the basis for higher job classifications and increases in wages. Some employees may benefit from a reduction in boring and mundane work, increasing job satisfaction.

Further Considerations for Employee Involvement Programs

Where the employer implements an employee involvement program without the involvement of the union, questions regarding the legality of such programs and union opposition may arise. There are two key points here. First, the union is the exclusive bargaining agent of employees. Second, unions cannot engage in a stoppage of work that would amount to an illegal strike. Employers are allowed to communicate with employees where the subject matter of the communication is an item that the collective agreement leaves to management's discretion. If the collective agreement does not refer to methods of operation—and most do not—the employer can obtain input directly from employees without violating the union's exclusive bargaining rights.

Conversely, an employee involvement program cannot relate to matters covered by the collective agreement. For example, a program that solicited employee views regarding compensation or working conditions might be in violation of labour relations legislation. If the union encourages employees to boycott an employee involvement program, this too might be seen as a violation of the collective agreement and labour relations statutes. The employer could then pursue a remedy with the Labour Relations Board because the boycott might be an illegal strike.

In summary, employers must ensure that an employee involvement program undertaken without union involvement does not violate the exclusive bargaining rights of the union, and unions must not prohibit employees from becoming involved in employer programs if the refusal amounts to an illegal strike.

Outcomes of Employee Involvement

Studies have examined the effects of employee involvement programs on productivity, employee satisfaction and workplace conflict. Although it appears logical that employee involvement programs would improve productivity, that has not always been confirmed by research. Most studies do show increased productivity, but there is significant variation in the outcomes and a few studies have found no improvement. Studies indicate a small increase in employee satisfaction where employee involvement programs have been undertaken. A study has confirmed that employee involvement programs reduce conflict in the workplace as measured by the grievance rate. However, some critics have claimed that the reduction in grievances is a reflection of the union having been co-opted by management and the suppression of conflict.

It appears that employee involvement programs are difficult to maintain over time. One study examined the survival of employee involvement work practices over a three-year period. It was found that the failure rate for employee involvement practices was significant: 35.2 percent of problem-solving groups, 46.8 percent of joint employee–management programs and 59.1 percent of quality circle programs did not survive for three years. The author concluded that high-involvement work practices are fragile and do not often last very long.

PROGRESSIVE DISCIPLINE In Chapter 10, an explanation of progressive discipline is referenced in the context of administering a collective agreement. Except in situations of misconduct which constitute “just cause,” employers are expected to apply progressive discipline that sees the application of increasing penalties should employee misconduct continue to occur after an initial warning.

From an employee relations perspective, the principles of progressive discipline seen in a unionized setting should also be applied to non-union staff. Not only does this provide a perception of procedural justice among employees, particularly when the work setting is comprised of union and non-union workers, but it also helps reinforce desired behaviours that support key aspects of organizational culture. However, a caution on the use of the step involving unpaid suspensions is noted here when dealing with non-union and management employees. Unless there is an expressed clause in the employee’s hiring contract, an imposed unpaid suspension as a form of discipline on a member of these two groups may constitute constructive dismissal under common law. A substitute for this step in the above-outlined framework would be a final warning letter to the employee.

Diversity Management

Diversity was described as a trend that will affect the Canadian labour market in the coming decades. Diversity in this context relates to demographic characteristics of managers and employees such as their age, ethnic origin, religious beliefs, sexual orientation and physical abilities. Progressive companies recognize that employee diversity offers a tremendous opportunity to advance corporate goals and objectives in today’s globalized economy. The Royal

Bank of Canada's diversity council is comprised of RBC executive staff and meets quarterly to identify targets, track goals and set policy. A 2017 article about RBC's diversity initiatives references three "bottom-line" benefits of a diverse workforce.

- Different people bring different attitudes and experiences to the table, which helps companies avoid groupthink, provides deeper insights on issues and challenges people to think out-side-the-box.
- As markets continue to globalize, customers are becoming more diverse. A diversified workforce is likely to have people who identify with the unique needs of clients and are therefore better able to serve them.
- Employees need to feel valued to reach their full potential. Companies that embrace diversity tend to have lower absenteeism and turnover and higher productivity.

A focus on diversity management in today's corporations is a reality for those involved in both employee and labour relations. The Human Resources Professional Association, in partnership with Knightsbridge Consulting, ran a four-part dinner series on generational diversity in the workplace. The presentations in that series focused on building the alignment and engagement of all employees, creating a work environment that provides flexibility and support for staff and explored how to address employees' needs as well as build leaders' capabilities to inspire and develop their organization's human resources management in a climate of openness and collaboration. At the 2014 convention of the Canadian Labour Congress, the importance of attention to demographic diversity to the future of the labour movement in Canada was discussed. It recognized that the demographic changes occurring across the country needed to be understood by, and reflected in, the labour movement. Convention delegates heard that by 2020, 65 percent of all job openings will be attributed to retirements. The CLC noted that such projected labour shortages will require the union movement to lobby governments and support innovative programming on behalf of key demographic groups that have the potential to replenish the projected tight labour market. Government funding, innovative outreach programming and advocacy on the part of the labour movement can facilitate social programming initiatives to assist with sourcing and developmental opportunities for women, Aboriginal persons, immigrants, and persons with disabilities to replenish the talent gap in Canada that is projected in the coming decades.

VII. Review Questions

1. What are two key objectives of employers? In the light of each of these objectives, explain at least one process or methods a company could use to achieve each objective.

The objectives and methods of employers are summarized in Figure 4-4.

2. Identify three different factors affecting an employer's labour relations strategy.

The factors are:

- the competitive strategy of the employer
- the union or non-union status of competitors
- experience with unionization

- management values or ideology
- union philosophy or policy
- union power and ability to oppose the employer
- types of employees
- the legal environment

3. How are cost leadership, and a differentiation strategies different for a business?

A cost leadership strategy involves providing a standard product or service and competing on the basis of price. In the retail industry, Wal-Mart is an example of organizations that use a cost leadership strategy. An organization using a differentiation strategy competes on the basis that the product or service provided is unique or distinctive from the competition, as opposed to having the lowest price. In the appliance industry Maytag is an example. Maytag competes on the basis that its products have unique features and higher reliability than the competition, rather than lower prices.

4. Outline the difference between a union substitution strategy and one other possible employer labour relations approach.

The employer labour relations strategies noted above are:

Union Opposition

This strategy involves attempting to maintain a union-free status and may include tactics that are illegal such as dismissing union supporters

Union Avoidance or Substitution

This strategy involves attempting to remain union-free by convincing employees that they do not need a union by using tactics such as providing higher compensation.

Union Acceptance

This strategy involves trying to live with any union that obtains bargaining rights and negotiating the best deal possible.

Union Resistance

This strategy involves a partially unionized employer attempting to limit the spread of unions in the organization. This might involve tactics such as extending wage increases achieved by the union to non-union employees

Union Removal

This strategy involves an employer attempting to rid itself of a union. The tactics may include illegal activity such as refusing to bargain in good faith.

5. Describe the implications of a cost leadership or differentiation strategy for labour relations.

An organization adopting a cost leadership strategy will emphasize keeping costs, including labour, to a minimum. This will lead to pressure to avoid unionization because a union may lead to higher compensation costs. If the firm's employees do unionize the employer will attempt to avoid increases in compensation to the extent possible. Wal-Mart is an example of an organization that uses a cost leadership strategy and is known as opposing the unionization of its employees. An organization adopting a differentiation strategy will emphasize product development and maintaining better products and services. The firm must develop and maintain the human resources required to provide better products and services. It is possible that the higher costs associated with the unionization of employees could be passed on to consumers in the form of higher prices. A firm adopting a differentiation strategy may have less reason to adopt a labour relations strategy which is aimed at avoiding or eliminating unions.

6. Explain the significance of a high-performance work system for labour relations.

The features of a high-performance work system are summarized in Key Considerations 4-1. Some of these features, in particular employment security and high compensation, will be items that a union would support. Some of these features, in particular contingent or incentive compensation and employee involvement could lead to conflict with a union. Unions generally do not agree with "at risk" pay systems because employees do not have control over the factors that could affect compensation. Some unions are wary of these programs because they are concerned that employees will be co-opted by the employer.

7. Outline barriers to increase employee involvement in unionized workplaces. Which one would be most difficult to overcome?

Barriers to employee involvement include union support, training implementation and cost, sustainability. Students may have a variety of responses to the most difficult. From a labour relations perspective, union support is the most critical and often the most difficult.

VIII. Web Research

The purpose of this web research exercise is to make students aware of an organization that represents employers. Current issues related to labour relations with these sites may change over time.

IX. Vignette**What Is the Purpose of Unions Today?**

Unions are a significant business partner in unionized Canadian organizations and became a prominent voice for employees during the COVID-19 pandemic. Historically, unions have advocated for employees' voice in organizational issues, improved work conditions and compensation, enhanced employment security, and promoted equity. Unions are also well positioned to promote social and economic justice.

Practically, during the COVID-19 pandemic, unionized employees were able to secure enhanced safety measures, additional premium pay, paid sick time, and a voice in work-share arrangements and work from home plans. Unions also afforded employees job and income security during the pandemic. On the other hand, there are some British Columbia public employees who believe unions failed to protect their desire not to receive a COVID-19 vaccine. BC government employees who did not get vaccinated or did not disclose their vaccination status were put on unpaid leave.

Further, unionized employees also reported feeling unsafe, stressed, and overworked during the pandemic. Unions then supported their employees during the pandemic by advocating for safer working conditions and by helping avoid union members' job loss. Unions also supported employees to work from home (75.8 percent union vs. 64.7 percent non-union), gain access to personal protective equipment (63.4 percent union vs. 53.8 percent non-union), and employer-provided enhanced cleaning protocols (30.7 percent union vs. 22 percent nonunion). As return-to-work plans were being considered as we moved through the pandemic, City of Ottawa unionized employees expressed concern over these plans. In particular, these employees asked for a delayed return to onsite work until the pandemic was better understood and the case numbers were declining. The union worked with the city to develop return to-work plans reflecting the employees' concerns.

X. Case Incident

Case Incident: Wal-Mart and the UFCW

1. Identify the employer's labour relations strategy and explain possible reasons for this strategy.

Wal-Mart has adopted a union opposition strategy. This means that the employer is hostile towards unions, wants to avoid unionization, and will spend significant resources to remain union free. In this incident Wal-Mart makes extensive use of the legal system, spending a significant amount of time and resources to avoid unionization. Wal-Mart closed a store that unionized in Québec. A union opposition strategy may include illegal employer activity. There was a union organizing campaign at a Wal-Mart store where the employer was found guilty of unfair labour practices.

Possible reasons for Wal-Mart's union opposition strategy include:

Competitive strategy. Wal-Mart is following a cost leadership strategy in which the emphasis is to provide goods and services at a lower price. Accordingly, cutting costs, including labour costs, is a part of a cost leadership strategy.

Non-union status of competitors. In the retail sector the rate of unionization is low. If the employer was unionized, and compensation costs were increased, the employer would be at a competitive disadvantage.

Management values or ideology. Key management staffs, including the founder of Wal-Mart, have been reported to be opposed to unionization.

Type of employees. Younger part-time employees, and higher turnover make union opposition a more attractive and easy strategy to adopt.

2. Outline the environmental factors affecting this situation.

This incident illustrates several environmental factors.

Social environment. Values and beliefs relating to unions are illustrated. Some observers appear to be opposed to the unionization of the employer because it may adversely affect employment. In turn, some employees may be affected, and this may be a factor influencing whether they support or oppose the union.

Economic environment. Presumably, the economic environment was such that a new store could be established in Weyburn.

Political and Legal environments. A change in the government has led to changes in rules relating to the unionization of employees. In particular, there is now a requirement for a vote to be held on all applications for certification.

3. In light of the Supreme Court of Canada Decision (June 2014) involving Walmart and a Quebec store closure in 2005, how might the company's labour relations strategies be modified.

The union has adopted a union opposition strategy which has not been successful in Canada as several jurisdictions have found Walmart in violation of various labour laws. In order to avoid similar decisions from arbitrators the company could adopt a union avoidance or substitution strategy. It may be doubtful that the company will employ such a strategy, as this closure likely influenced other certification votes.