



The Role of Labor Union in Maintaining Good Industrial Relation in the Case of Horizon Addis Tire Share Company

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Statement of Declaration

The work, “**The Role of Labor Union in Maintaining Good Industrial relation: The case of Horizon Addis tire share company**” is my original work. I have carried out the present study independently with the guidance and support of the research advisor, **Wubeshet Bekalu (PhD)**. Any other contributors or sources used for the study have been appropriately acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other Institution.

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Date of submission _____

STATEMENT OF CERTIFICATION

This is to certify that **Eskender Kebede** has carried out his research work entitled “**The Role of labor Union in Maintaining Good Industrial relation : The case of Horizon Addis tire share company** ” for the partial fulfillment of Masters of Arts in Human Resource Management at Addis Ababa University School of Commerce. This study is original and is not submitted for any degree in this university or any other universities and is suitable for submission of Masters of Arts in Human Resources Management.

Advisor: Wubeshet B. (PHD) Signature: _____ Date: _____

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Finally I acknowledge all individuals that directly and indirectly have cooperated encouraged and assisted me in the completion of this study.

Acronyms

BMJFacility of Leadership and Management Research Journal

HATSCHorizon Addis Tire Share Company

HR.....Human Resource

ILOInternational Labor Organization

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ABSTRACT

The study aims at finding out the role of labor union in maintaining good industrial relation in Horizon Addistire Share Company. Labor unions play an important role and helpful in the industrial relations between the employee and management. The main objective of the research is to examine the role of labor union in maintaining good industrial relation in Horizon Addis tire Share Company. The descriptive research design is undertake by using closed-ended questionnaire and purposively structured interviews. Both quantitative and qualitative data collecting techniques are used in this research. The research is based on the responses of the various levels of union members, HR departments, and Line managers who are working in the corporation. The data is planning to collect from 204 respondents by using self-administered close- ended questionnaire andinterviewed different leaders, to analyze data from the questioner SPSS technique is apply. Based on this the analysis is carried out. The finding shows that the general role of the labor union prevails in the corporation are good. But according to the union member's response the involvement of labor union in the improvement of better wage at low level. Besides, the collective bargaining procedures implement in the corporation are found at fair level but not give confidence. Good part of the labor union in the corporation is that the union is committed to handle employee relation, which will minimize industry disputes and maintain peace. In conclusion, the overall role of the labor union in maintaining employment benefit and better wage of the corporation is found at a low level which is not encouraging. Though, the role of the labor union in the corporation is moderately good, but it needs improvement.

Key words: role of union, labor union, industrial relation, and collective bargaining

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CHAPTER ONE

INTRODUCTION

This chapter deals with the introductory parts of Background of the study, statement of the Problem, Research Objectives, and Significance of the Study, Scope of the Study, Definition of Terms and Organization of the Study.

1.1 Background of the Study

As human resources have become viewed as more critical to organizational success. Many organizations have realized that it is the *people* in an organization that can provide a competitive advantage. It will be emphasized that the people as human resources contribute to and affect the competitive success of the organization. The relationship between managers and their employees must be handled effectively if both the employees and the organization are to prosper together. Whether or not a union represents some of the employees, *employee rights* must be addressed. It is important to develop, communicate, and update HR *policies and rules* so that managers and employees alike know what is expected (Shuan, 2006).

A union is a formal association of workers that promotes the interests of its members through collective action. Unions typically have focused on improving the “bread and butter” issues for their member’s wages, job security, and benefits (Robert and Mathis, 2001).

Therefore, from the above definition, the Labor union primary role is promoting the interest of the members and protecting from the unfair labor practice with a view to enabling workers and employers maintain industrial peace and work in spirit of harmony and cooperation.

In conformity with the international conventions and other legal commitments, Ethiopia has issued a labor law to ensure that worker-employer relations be governed by the basic principles of rights and obligations with a view to enabling workers and employers maintain industrial peace and work in spirit of harmony and cooperation.

According to the Federal democratic republic of Ethiopian Labor Proclamation No. 377 /2003, it is essential to ensure that worker employer relations are governed by the basic principles of rights and obligations with a view to enabling workers and employers to maintain industrial peace and work in the spirit of harmony and cooperation. It has been founded necessary to guarantee the right of workers and employers to form their respective associations and to engage, through their lawful elected representatives, in collective bargaining, as lay down the procedure for the expeditious settlement of labor disputes, which a rise between workers and employers.

Unions should have to work to ensure that worker and employer relations are governed by the basic principles of rights and obligations with a view to enabling workers and employers to maintain industrial peace and work in the spirit of harmony and cooperation. This study assessed the role of labor union to maintaining good industrial relation in HATSC. Horizon Addis tire Share Company (by then named as Addis tire share company) was established in 1965 with a yearly production capacity of 60,000 tires and a total labor force of 260 people.

Mission: HATSC develops and manufactures all types of bias and radial tires, which are perfectly compatible to Ethiopia and COMESA region, by utilizing skillful and experienced professionals and by investing in the state of the art technology from world reputable companies, where quality, safety, fair price, accessibility and money back guaranty are pillars for management philosophy.

Vision: 2025-60-10! Being a leading brand in Ethiopia, HATSC secures and ensures 60% market share in the local market and 10% of its production volume export to the COMESA region in year 2025.

Values: HATSC operates in accordance with the highest standards of ethics in all relations with customers, suppliers, environment and community. The company encourages innovation and diligence amongst staff and rewards accordingly and its values are: Acronym definition of the HATSC values motto “INTEGRITY”: I: Ideal choice for variety & quality!; N: Need base and customer driven production and service!; T: Teamwork, team spirit and mutual respect!; E: Environmental friendly

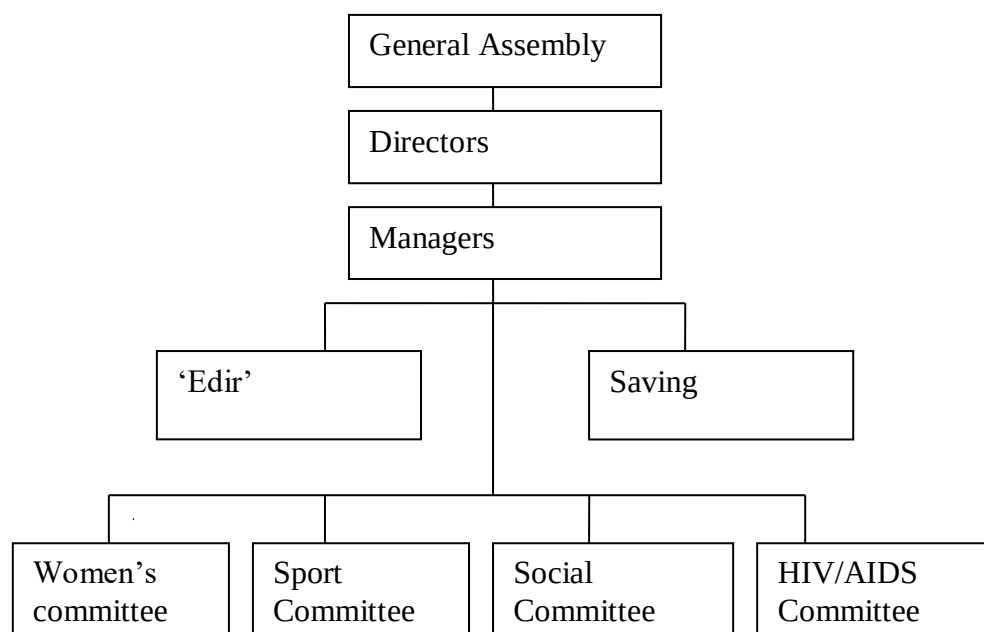
products with high concern in the production process!; G: Growth has no limit!; R: Reliable and responsible partner!; I: Industrious and owner like sentiment!; T: Timely responding!; Y: Your/our customer/concern is really our concern!

The company awards and recognitions: - ISO 9001 Quality management system on the production and sales of radial and diagonal tires. ISO 14001 environmental management system. In addition, certified economic operator (CEO) from Ethiopian revenue and customs authority.

Horizon Addis Tire Share Company Labor Union

HATSC labor union is one of the oldest labor union in Ethiopia, established in 1969 E.C. At the beginning of the union all employees were member of the union but the change of different government and Globalization on SHRM the labor union today include only 420 members out of 691 permanent employees. In this study, assessed the perception and attitudes of the staff in HATSC labor union to the roll of the labor union in maintaining good industrial relation.

Figure 1: Structure of Labor Union of HATSC



Source: Document of labor Union of HATSC

General Assembly: - All leader members of the labor union meet once a year.

Directors: - Meet quarterly in a year.

Managers: - any time as a need of meeting.

1.2. Statement of the Problem

A **union** is a formal association of workers that promotes the interests of its members through collective action (Shuan, 2006). According to the federal democratic republic of Ethiopian Labor Proclamation No. 377 /2003, a trade union may be established in an undertaking where the number of workers is ten or more. The Federal Democratic Republic of Ethiopian Labor Proclamation No. 377 /2003, creates the full guarantee of association and introduces a system of collective bargaining, it is essential to ensure that worker employer relations are governed by the basic principles of rights and obligations with a view to enabling workers and employers to maintain industrial peace and work in the spirit of harmony and cooperation.

The industrial relations system is regulated by the process of collective bargaining, defined by Flanders (1970) as a social process that ‘continually turns disagreements into agreements in an orderly fashion’. Collective bargaining aims to establish by negotiation and discussion agreed rules and decisions on matters of mutual concern to employers and unions as well as methods of regulating the conditions governing employment (Armstrong, 2006).

In the case of HATSC, the union passed through different challenges and experiences. However, currently, among the 691 total employees, 420 employees are the member of trade union, this show that the union does not include 271 permanent employees. The current labor union not enough strength when they dealing with management about issues like to improve their wages, strength on collecting bargaining like attending annual member meeting. Furthermore, non- union employees are one of major challenges for the union to perform their role to maintaining good industrial relation in the corporation. This study assessed the labor union playing their role to maintaining good industrial relation in the corporation.

Labor union as continuous association of wage earners for the purpose of maintaining or improving the conditions of the employment, this study increased the knowledge and importance of union and motivates employees to participate in the industrial relation of the company and shows the current gap for union leaders to take a correction action.

1.3. Basic Research Questions

The research aimed to answer the following basic research questions.

1. How does the union playing its role to maintaining industrial relations?
2. What are the challenges of the union in playing its role?
3. What are the roles the union is playing relatively weakness?
4. What are the roles the union is playing relatively positively?

1.4. Objective of the Study

- The general objective of this research was investigated the role of the labor union in maintaining good industrial relations in HATSC.

Specific objective:

- To investigate the current role of the labor union to maintaining industrial relation
- To examine the challenges of the labor union in playing its role
- To investigate the current labor union weakness in playing its role
- To examine the labor union strength in playing its role

1.5. Significance of the study

The researcher believed that the following stakeholders are the ultimate beneficiaries of the outcomes of this study; -the study helped the HATSC labor union to take corrective actions on the bases of suggested solutions or recommendations. The student researcher: This thesis used to fulfill the requirement of masters in human recourse management; it helped the researcher to have a valid picture of how the theoretical concepts are applied in the actual practice of the organization and beneficiary on getting knowledge about the study and experienced on conducting such assessment. Other researchers: Other researchers can take this study as reference for conducting other similar and progressive assessment.

1.6. Scope of the Study

Conceptually, this study was focused on specifically Security role, Agent role, Democratic role, Administration role, Production role, Social role, Employ relation role, Regulatory and Legal role, and political roles of the labor union in maintaining

good industrial relations in HATSC. Geographically, HATSC located Addis Ababa-Nefas Selek sub-city, around saris. Methodologically, the study was employed quantitative and qualitative (mixed) approaches in order to attain the objective of the study. HATSC started operation since 1969 E.C. However, this study used recent time data after 2006 E.C, because of its easy accessibility.

1.7. Limitation of the Study

The research study was limited, to found the company which has trade unions and the study was limited directly with time limited from doing an in-depth study. Furthermore, budget and availability of resource are other limitations on the study.

1.8. Definition of Terms

Union: - a formal association of workers that promotes the interests of its members through collective action (Shuan, 2006).

Collective agreement: - the method of determining terms and conditions of employment through the process of negotiation between representatives of employers (normally management) and employees (typically trade union officials) (Stephen and Marjoi, 2010).

Employee relations: - is the activity that involves establishing and maintaining the positive employee–employer relationships that contribute to satisfactory productivity, motivation, morale, and discipline, and to maintaining a positive, productive, and cohesive work environment (Gary Dessler, 2014).

1.9. Organization of the Study

This study divided in to five chapters. The first Chapter told about introduction part, which includes background of the study, statement of the problem, research questions, objective of the study, signification of the study, and it discusses the scope and limitations of the study. Chapter two presented relevant literature related to the role of labor union maintaining good employment relations. Chapter three described the study area and explained the methodologies used for data collection, and data analysis. Chapter four presented the main result of the study and the discussion of the results. Chapter five presented Conclusions from the study, a summary of findings and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

The review the related literature part of this study generally deals with the theoretical as well as empirical evidences of the role of labor union to maintaining good industrial relations.

2.1. Theoretical Literature

This theoretical review deals about the concept of labor union, concept of industrial relation, concept of collective agreement and concept of grievance.

2.1.1. Concept of Labor union

The term “union” has its roots in the Latin word “syndicus” and the Greek one “sundikos”, both of them naming a person who assists somebody in justice that is an official. Trade unions stand for the materialization of fundamental right to association and an important piece in the process of establishing the uprightness between social partners (Stefan Celmare, 2009). A union is an organization of workers, acting correctively, seeking to promote and protect its mutual interests through collective bargaining (Decenzo and Robbins, 2005).

2.1.2 History of labor union

The origins of trade unions go back as far as the first attempts to organize collective action at the beginning of the industrial revolution. As the industrial revolution dawned in England in the mid- eighteenth century, the employer’s authority was absolute, and completely free from laws or government regulations. Employers unilaterally determined wages and the term and conditions of employment for their workers. Early efforts to form trade unions were violently suppressed by laws forbidding organizations as criminal conspiracy in restraint of trade (Kearncy and Carnevale, 2001).

As stated Isaac (2017), from different authors perspectives, Dunlop (1958) described a trade union as an economic institution attempting to maximize some wage or employment dimensions of its members, Ross (1948) described it as a political institution working in an economic context with "orbits of coercive comparison" determining common wage policy. Again, while Commons (1925) described labor

union, as a liberating force, which helped establish constitutional government in industry and delineate the power of one of the parties over the other, Perlman (1949) described a union as a design, to protect workers' job interests and job sharing opportunities.

It was a long hard struggle for employees to gain the right to organize and bargain collectively. Today those rights are held in nearly all nations. Historically, the laws encouraging the union movement further protected union members from possible wrongdoing on the part of their unions. The relation between law and unions briefly described as following.

2.1.2.1 Basic Labor Law: “National Labor Code”

The interplay between unions and the law as stated briefly by Robert and Mathi (2001), the economic crises of the early 1930s and the restrictions on workers' ability to organize into unions led to the passage of landmark labor legislation. Later acts reflected other pressures and issues that had to be addressed legislatively. Together, the following three acts, passed over a period, comprise what has been labeled the “National Labor Code”: (1) the Wagner Act, (2) the Taft-Hartley Act, and (3) the Landrum-Griffin Act. Each act was passed to focus on some facet of the relationships between unions and management.

To understand unions and their impact, it is necessary to understand the interplay between unions and the law. In brief, labor law has gone through periods of strong encouragement of unions, to modified encouragement coupled with regulation, and finally to detailed regulation of internal union affairs. Today, the legal environment seems to be moving toward increased encouragement of unions. Historically, the laws encouraging the union movement included the Norris-LaGuardia and National Labor Relations (Wagner) Acts of the 1930s. These outlawed certain unfair employer labor practices and made it easier for unions to organize.

The Taft-Hartley or Labor Management Relations Act of 1947 addressed keeping unions from restraining or coercing employees, and listed certain unfair union labor practices. In the 1950s, the Landrum-Griffin Act (technically, the Labor Management Reporting and Disclosure Act) further protected union members from possible wrongdoing on the part of their unions.

2.1.2.2 Principles of Freedom of Association

Within the ILO structure (1996), The core elements of the principles of freedom of association as embodied in Conventions Nos. 87 and 98 are: that “workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization” (Article 2 of Convention No. 87). In the case of Federal democratic republic of Ethiopian Labor Proclamation 377/2003, workers and employers shall have the right to establish and form trade unions or employers’ associations, respectively and actively participate.

According to ILO convention and Federal democratic republic of Ethiopian Labor Proclamation, briefly described about freedom of association: organizations of employers and workers, once established, should have the right “to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities. Furthermore, the public authorities must “refrain from any interference which would restrict this right or impede the lawful exercise thereof”. That workers are to enjoy “adequate protection against acts of anti-union discrimination in respect of their employment” that “measures appropriate to national conditions shall be taken, where necessary, to encourage and to promote the full development and utilization of machinery for voluntary negotiation between employers and employers’ organizations and workers’ organizations, with a view to the regulation of terms and conditions of employment by means of collective agreements.”

2.1.3. The evolution of Labor Law and labor union in Ethiopia

According to ILO (2018), Talking about Labor Law in Ethiopia means to review the history of the last 40-50 years. Present-day labor law, as a specialized law designed to protect employees' welfare, only came into existence because of the modern industrial development and with the rise of the status of the employee as wage earner. Ethiopia's process of modernization and industrialization – in contrast with other African countries with a history of colonization - continued slowly but surely since the times of Menelik II (emperor of Ethiopia from 1889–1913), and was only interrupted by the Italian invasion in 1935 and the following tumults of World War

II. Nevertheless, only the post war years allowed the further development of individual and social rights in line with the attempt to economic development.

At the very beginning, the workers' movement in Ethiopia was rather corporative, taking the form of the traditional Ethiopian organizations, such as “ekub” and “edir”, local self-help societies that provide services and mutual aid and protection of the interest of their members. One of the first workers' organization with the pattern of a modern trade union was the “Franco-Ethiopian Railway Company Workers' Association”, founded in 1947. But it was not before 1961 that the first union was registered under the Civil Code (Civil Code Proclamation, No. 165/1960). 11/23/2018 National Labor Law Profile:

Federal Democratic Republic of Ethiopia in 1963 the first formal labor law (on collective labor relations) was established with the “Labor Relations Proclamation No. 210/1963”. This proclamation recognized the rights of associations of employers and workers, as well as a system of collective bargaining, and it set up machinery for the settlement of trade disputes – the Labor Relation Board. Consecutively, in 1963 the “Federation of Employers of Ethiopia”, and in 1964 the “Confederation of Ethiopian Labor Unions” – CELU, were founded. However, individual labor relations were treated exclusively like any other service contract according to the regulations of the Civil Code.

During the Dergue period (1974-91) as part of the socialist order of state and society, labor law was based on the public ownership of the means of production and was subject to central planning and central management. The Labor Proclamation No. 64 of 1975 superseded the imperial Labor Relations Proclamation, and contained almost all provisions of a socialist labor law. There was no autonomy with regard to the conclusion of collective agreements as a form of independent control over working life exercised by freely constituted trade unions. There were no employers' organizations, and no contractual freedom between employer and employee. Until recently, the main source of labor law, the Labor Proclamation, Proclamation No. 42/1993, was developed in the post-socialist time, marking the overcoming of the centralized state-economy towards a market oriented, pluralistic society.

2.1.3.1 The new Labor Law

It was partly in response to the observations made by the House of People's Representatives adopted Labor Proclamation No. 377/2003, effective since 26 February 2004. This text repealed Labor Proclamation No. 42/1993 (as amended d by Proclamation 88/1994). It has become the principal source of labor law in Ethiopia. The new statute represents an important tool for unions and employers to participate in all labor matters. The innovation concerns the right of workers, without distinction whatsoever, to form organizations of their own choosing and the right of these organizations to organize their activities without interference by the public authorities and not to be dissolved by administrative authority

2.1.4. Objective of Labor Union

According to Gary Dessler (2014), unions have two sets of aims, one for union security and one for improved wages, hours, working conditions, and benefits for their members.

I. Union Security

First and probably foremost, unions seek to establish security for themselves. They fight hard for the right to represent a firm's workers and to be the *exclusive* bargaining agent for all employees in the unit. (As such, they negotiate contracts for all employees, including those who are not members of the union.) Five types of union security are possible:

Closed shop: - The Company can hire only current union members.

Union shop: - The Company can hire nonunion people, but they must join the union after a prescribed period and pay dues. (If not, they can be fired.) Unions and employers also tend to negotiate versions of the union shop for instance, letting older workers quit the union when the contract ends.

Agency shop: - Employees who do not belong to the union still must pay the union an amount equal to union dues (on the assumption that the union's efforts benefit *all* the workers).

Preferential shop: - Union members get preference in hiring, but the employer can still hire nonunion members.

Maintenance of membership arrangement: - Employees do not have to belong to the union. However, union members employed by the firm must maintain membership in the union for the contract period.

II. Improved wages, hours, working conditions, and benefits for members

Once their security is ensured, unions fight to better the lot of their members to improve their wages, hours, and working conditions, for example. The typical labor agreement also gives the union a role in other HR activities, including recruiting, selecting, compensating, promoting, training, and discharging employees.

2.1.5. Reasons of Joining Labor Union

According to Robert and Mathi (2001), described the reason of why employees joining the labor union, Whether a union targets a group of employees, or the employees themselves request union assistance, the union still must win sufficient support from the employees if it is to become their legal representative. Research consistently shows that employees join unions for one primary reason: They are dissatisfied with how they are treated by their employers and feel the union can improve the situation. If the employees do not get organizational justice from their employers, they turn to the union to assist them in getting what they believe is equitable. Important factors seem to be wages and benefits, job security, and supervisory treatment.

2.1.6. HR Responsibilities and Unionization

To prevent unionization, as well as to work effectively with unions already representing employees, both HR professionals and operating managers must be attentive and responsive to employees. The pattern of dealing with unionization varies among organizations. In some organizations, operating management handles labor relations and HR has limited involvement. In other organizations, the HR unit takes primary responsibility for resisting unionization or dealing with unionized employees (Mathis and Jackson, 2008).

2.1.7. Reasons for Labor Union Membership Decline

Several general reasons have contributed to the decline of unions: deregulation, foreign competition, a larger number of people looking for jobs, and a general perception by firms that dealing with unions is expensive compared with non-union alternatives. In addition, management at many employers has taken a much more activist stance against unions than during the previous years of union growth. To some extent, unions may be victims of their own successes. Unions historically have emphasized helping workers obtain higher wages and benefits, shorter working hours, job security, and safe working conditions from their employers. Some experts and union leaders believe that one cause for the decline of unions has been their success in getting those important issues passed into law for everyone. Therefore, unions are not seen as necessary for many workers, even though those workers enjoy the results of past union efforts to influence legislation (Mathis and Jackson, 2008).

2.1.8. Role of Labor Union

According to Michael Armstrong (2006), stated that the role of the labor union, traditionally the fundamental purpose of trade unions is to promote and protect the interests of their members. They are there to redress the balance of power between employers and employees. The basis of the employment relationship is the contract of employment. However, this is not a contract between equals. Employers are usually in a stronger position to dictate the terms of the contract than individual employees are.

Trade unions, as indicated by Freeman and Medoff (1984), provide workers with a 'collective voice' to make their wishes known to management and thus bring actual and desired conditions closer together. This applies not only to terms of employment such as pay, working hours and holidays, but also to the way in which individuals are treated in such aspects of employment as the redress of grievances, discipline and redundancy. Trade unions also exist to let management know that there will be, from time to time, an alternative view on key issues affecting employees. More broadly, unions may see their role as that of participating with management on decision making on matters affecting their members' interests. Within this overall role, trade unions have had two specific roles, namely to secure, through collective bargaining, improved terms and conditions for their members, and to provide protection, support

and advice to their members as individual employees. An additional role that of providing legal, financial and other services to their members has come into prominence more recently (Armstrong, 2006).

According to the definition of labor unions, they have always been attributed with securing the financial and non-financial benefits for their members through collective bargaining. Moreover, unions have also been playing role beyond collective bargaining for state and employers: increasing productivity or efficiency of workers and improving work place and harmony, improving work discipline.

To generalized the role of labor union, according to Gary Dessler (2014), Michael Armstrong (2006) and Mike Leat (2007), describes the main role of labor union as following: -

Security role: Union security policies are desirable for the unions because they help increase or maintain membership the organization and ensure a high rate of dues payments. A financially sound union is a more secure union and a more powerful organization politically. Furthermore, union security provision obviates the problem of "free riders" who enjoy the benefits of exclusive union representation in contract negotiations, grievance procedures, and other activities without paying organizational dues. It also may be argued that union security is beneficial for the public employer, which gains labor peace from a stable union with a steady membership and income.

Legal role: An association claiming collective bargaining capacity is under a duty to recognize the existing collective bargaining system. The acknowledgement of the State is right of settlement and industrial action. Some voices even require the association seeking eligibility to acknowledge the current legal and economic order, or, at the very least, the constitutional order. It is in fact a greatly convincing approach to tie the right of participation in the collective bargaining process to the condition that the 'rules of the game' are being recognized.

Agent role: The role of trade unions in collective bargaining and representing the interests of individual employees and groups of employees. Dealing with problems

raised by the treatment of employees by management, employment security, health and safety issues, and maintaining employee wages and benefits.

Employee relations roles: Provide an essentially advisory and representative role in contrast to their earlier active involvement in collective bargaining and the regulation of terms and conditions of employment.

Legislation role: Equal pay, the banning of sex and racial discrimination, and employment protection legislation has extended to manual workers' rights that were previously the preserve of staff. The concept of equal value has been a major challenge to differentiation between staff and manual workers.

Productivity role: By the more flexible use of labour led to increase productivity

Administration role: May be established specially to implement labor relations policies. Regardless of which strategy is employed, it is important to establish an administrative agency to resolve recognition claims by employee organizations, certify bargaining representatives, hear complaints of unfair labor practices, resolve disputes between the parties, and otherwise provide authoritative interpretations of existing policies.

Regulatory and Political role:- The externalization of responsibility for the determination of terms and conditions of employment and the regulation of the employment relationship and resolution of grievances, etc. enabled companies to avoid the expense and hassle of employing its own expertise and dealing with their own industrial relations problems. In addition to these regulatory roles employer's organizations, like trade unions, also provide advisory services to their members and represent their interests to other organizations and interest groups. And Relationship in which trade unions, share industrial sovereignty or power over those who are governed, the employees. Management and union in the collective bargaining process hold the sovereignty jointly.

Democratic role: Some assume that existence of a democratic form of organisation is the first precondition for an organisation in order to qualify as an association. At the very least, collective bargaining capacity should, however, be inextricably linked to a democratic form of organisation. It would be unacceptable if associations were granted permission to exercise legislative power over their members, without being sufficiently democratically legitimated. A democratic legitimacy in this sense requires that the members be given the opportunity to (indirectly) change the process

of intra-association opinion building by way of elections, which are held in accordance with democratic principles. The requirement of a sufficient form of democratic organisation has another, quasi-horizontal dimension. This follows from the necessity that members must be generally entitled to equal co-decision and voting rights.

Role of the Social Partners: Employers also form and join collective associations and these form part of the national and international context within which employee relations in an organization are conducted and often referred to as the social partners.

In additionally, According to Ethiopian Labor Proclamation number 377/2003 unions have the following functions: Respect the right and interests of members in particular, represent members in collective negotiations and labor disputes before the competent body so requested or delegated, ensure that laws regulations, directives and statements are known to be observed and implemented by members, Initiate laws regulations pertaining employers and workers: participate actively during their preparations and amendments and discharge other functions provided for in the constitutions of the organization.

2.1.9. Unionization Process

According to Mathis and Jackson (2008), unionization process describes as the following steps: -

Organizing Campaign: - Like other entities seeking members, a union usually mounts an organized campaign to persuade individuals to support its efforts. As would be expected, employers respond to unionization efforts by taking various types of actions.

Authorization Cards: - a union authorization card is signed by an employee to designate a union as her or his collective bargaining agent. At least 30% of the employees in the targeted group must sign authorization cards before an election can be called.

Representation Election: - an election to determine if a union will represent the employees is supervised by private-sector organizations and by other legal bodies for public-sector organizations.

Certification: - Official certification of a union as the legal representative for designated employees. Once certified, the union attempts to negotiate a contract with the employer. The employer must bargain; refusing to bargain with a certified union constitutes an unfair labor practice.

Contract Negotiation (Collective Bargaining):- Collective bargaining, the last step in unionization, is the process whereby representatives of management and workers negotiate over wages, hours, and other terms and conditions of employment. This give-and-take process between representatives of the two organizations attempts to establish conditions beneficial to both. It is also a relationship based on relative power.

2.2. Concepts of Industrial Relation

The term ‘industrial relations’ is used in a general sense to describe the formal relationships between employers and trade unions or other collective groupings of employees, together with the institutional arrangements that arise from these relationships (Shuan, 2006).

Industrial Relations is a field of study and practice dealing with a set of interactions at the workplace predicated upon employment contract involving work parties and their representatives in job regulation. The meaning gives in this definition are: study field/practice, set of interactions, employment contract, work parties’ representatives, and job regulation. It started with the factory employment system consequent upon the industrial revolution of the 18th century. It has since developed into an independent discipline with its own jargon and increased significance in society (Isaac, 2017).

This concept also described by Armstrong (2011), found that Employee relations are concerned generally with managing the employment. Relationship and developing a positive psychological contract. In particular, they deal with terms and conditions of employment, issues arising from employment, providing employees with a voice, and communicating with employees. Employees are dealt with either directly or through collective agreements where trade unions are recognized.

In addition, to this concept described by John Stedwick (2005), an organization will not operate effectively unless it has a stable and relatively harmonious relationship with its employees. Conflict and disaffection will lead, almost inevitably, to high staff turnover, poor attendance, lack of involvement and other indicators of poor performance. At the employment relationship from a number of viewpoints. Firstly, from a *workplace negotiating viewpoint*. Here, the relationship is determined by an agreement on terms and conditions reached through a formal process of negotiations by representatives of management and the workforce. Secondly, from an *involvement and participation viewpoint*. This examines how the relationship is affected by the effectiveness and influence of the 'employee voice'. Finally, from a *legal and procedural viewpoint* specifically related to grievance, discipline, dismissal and redundancy, where an examination will be made of the approaches to individual sources of conflict. These three approaches are not mutually exclusive. A heavily unionized environment has as much opportunity to make considerable progress towards involving employees and working towards partnerships as does a small family controlled company with a history of enlightened paternalism. Whatever system of bargaining is in place, even where none exists, the edicts of the law remain extremely influential in the nature of relationships.

Finally, this concept described by B.B. Mahapatro (2010), Industrial relations is to secure the highest possible level of mutual understanding and good will between the several interests, which participate in production and service activities. This depends primarily on fair dealing and good working conditions, highest standard of living, a friendly atmosphere, spirit of working together for a common purpose must be developed. The main purpose of industrial relations is not just 'peace'. It is an art, the art of living together for the purpose of production and or services.

2.2.1. Employee Voice

This concept briefly described by Armstrong (2006), he started from as defined by Boxall and Purcell (2003), 'Employee voice is the term increasingly used to cover a whole variety of processes and structures which enable, and sometimes empower employees, directly or indirectly, to contribute to decision – making in the firm.' Employee voice can be seen as "the ability of employees to influence the action of the employer" (Millward et al 2000). The concept covers:

Involvement: means that management allows employees to discuss if issues that affects them but that management retains the right to manage. It is primarily a management – driven concept.

Participation: is about employees playing a greater part in the decision making process. It is there for much closer to the concept of employee voice systems, that is, arrangements for ensuring that employees are given the opportunity to influence management decisions and to contribute to the improvement of organizational performance.

2.2.2. Voluntarism

The essence of the systems theory of industrial relations is that the rules are jointly agreed by the representatives of the parties to employment relations; an arrangement which, it is believed, makes for readier acceptance than if they were imposed by a third party such as the State. This concept of voluntarism was defined by Kahn-Freund (1972) as ‘the policy of the law to allow the two sides by agreement and practice to develop their own norms and their own sanctions and to abstain from legal compulsion in their collective relationship’. In essence, voluntarism came under attack by government legislation from 1974 onwards, including the principle of ‘immunities’ for industrial action and the closed shop (Armstrong, 2006).

2.2.3. Labor-Management Cooperation

Cooperation between labor and management may feature employee involvement in decision-making, self-managing employee teams, labor-management problem solving teams, broadly defined jobs, and sharing of financial gains and business information with employees. The search for a win-win solution requires that unions and their members understand the limits on what an employer can afford in a competitive marketplace. Without the union’s support, efforts at employee empowerment are less likely to survive and less likely to be effective if they do survive (Noe et al, 2011).

From the above definition, cooperation between labor union and management is one of the most important to structured effective industrial relation. This idea also supported and described by Armstrong (2008), In industrial relations a partnership arrangement can be described as one in which both parties (management and the

trade union) agree to work together to their mutual advantage and to achieve a climate of more cooperative and therefore less adversarial industrial relations. A partnership agreement may include undertakings from both sides; for example, management may offer job security linked to productivity and the union may agree to new forms of work organization that might require more flexibility on the part of employees.

2.2.4. Contractual Rights

An employee's contractual rights are based on a specific contract with an employer. For instance, a union and an employer may agree on a labor contract that specifies certain terms, conditions, and rights that employees represented by the union have with the employer. Contracts formalize the employment relationship. For instance, when hiring an independent contractor or a consultant, an employer should use a contract to spell out the work to be performed, expected timelines, parameters, and costs and fees to be incurred. Such rights can be spelled out formally in written employment contracts or implied in employer handbooks and policies disseminated to employees (Mathis and Jackson, 2008).

2.2.5. Approach of Industrial Relations

Unitary Approach

This perspective perceives employing organizations as peopled by individuals and groups that have common interests, objectives and values, and that are harmonious and integrated. Management's right to manage is legitimate and rational and management (representing the organization and the interests of capital) should be the single focus of employee loyalty as well as the sole source of legitimate authority within the organization. Unsurprisingly, therefore, this perspective tends to be associated with, and is often promoted by, management since it supports management's interests. Frequently this perspective has been characterized as the 'Team' or 'One big happy family' approach.

From the unitary perspective, conflict between labor and management is viewed as being both unnecessary and avoidable. Where conflict does occur it is argued that

this is not because it is inherent to the capitalist system or even because groups have legitimate differences between their aspirations and interests; it occurs because of poor communication, because the parties to the relationship lack understanding of the extent to which their interests are coincident, because the conflict has been deliberately created by saboteurs or because individual personalities clash. The perspective argues that conflict is irrational and pathological and that it should not occur; if and where it does, management has the legitimate right to manage, to control, where necessary to subordinate, labor; employees owe loyalty and therefore conflict resolution ought not to be an issue. In this context the employment relationship is likely to be perceived to be characterized by cooperation rather than by conflict, with management or other representatives of capital adopting autocratic or Paternalist approaches to the exercising of their authority. Cooperation between the interests of capital and labor should be normal in this scenario. Managements holding this perspective will often try to persuade their employees that they do not need a trade union to represent them and that management will look after them; indeed these managements often try to create circumstances at work which tend to reinforce this message (Mike Leat , 2007).

Pluralist Approach

This perspective assumes that employing organizations are made up of individuals and groups with different interests, values and objectives. Each group is likely to develop its own leadership and source of loyalty. The various interests and objectives of one group are likely to conflict with those of others and, while this will include the interests of labor versus the interests of capital, conflict will not be exclusive to these interests. We must not assume that all employees have the same interests and expectations, nor indeed that all managers do. In the context of this perspective, management is likely to be confronted by a workforce which does not necessarily accept its right to manage and who owe loyalty to other sources and interests. Management has a very different role in this context: the task facing it is not to exercise a unilateral right to manage, whether this takes an autocratic or paternalistic form; the emphasis is now upon securing the agreement of the other interests to decisions. As Flanders (1970: 172) put it: ‘the paradox, whose truth managements have found it difficult to accept, is that they can only regain control by sharing it’. Management’s job, therefore, is not to try and insist upon a right to manage

unilaterally but to manage and resolve the conflict and to do this via mechanisms that emphasize the achievement of consensus and that involve representation and participation from the various interests concerned. In this sense conflict becomes institutionalized. (Mike Leat, 2007).

Radical/Marxist Approach

From this perspective, organizations employing labor do so only in order to exploit it. The purpose of capitalism according to Marxists is to make surplus value/profit from the employment of resources in the labor process, and it is in this sense that it is argued that labor is exploited, since this surplus value accumulates to capital (rather than to labor). Profit is made from employing labor for a price less than the value of its product. The labor process is the term used to describe the process whereby labor is added to capital and technology to produce goods and services which are then exchanged for others. It is the process through which labor potential is converted into actual. This perspective also views industrial organizations as microcosms of the wider society and the frictions in that wider society are likely also to be reflected and present in the organization. Underlying the Marxist perspective is an assumption that power in capitalist society is weighted in favor of the owners of capital, the means of production and not with the owners and sellers of the labor resource.

This is a perspective that uncompromisingly predicts a fundamental and continuing conflict of interest between labor and capital and the conflict is likely to be about who should control the labor process as well as about the price of labor. Such conflict is inevitable and, unlike in the pluralist perspective, is not amenable to resolution through mechanisms which emphasize compromise and sharing of power. This is a perspective which does not accept the conclusion of Flanders quoted above. The nature and depth of this endemic conflict is such that compromise and resolution via peaceful means is not a realistic option. (mike Leat ,2007).

2.2.6. Actors in Industrial Relations

The four main parties who are actively associated with any industrial relations system are the workers, the managements, the organizations of workers and managements, and the state. Fundamentally, the term industrial relations refer to organized relationship between two organized parties representing employers and

employees regarding matters of collective interests. But the scope of the industrial relations cannot merely be confined to common labor-management relations or employee—employer relations. It is a comprehensive and total concept embracing the sum total relationships that exist at various levels of the organizational structure. More specifically, it connotes relations among workers themselves within the class of employees, relations among the management within the class, and relations between the two distinct classes of workers and management. It involves the all types of inter-group and intra group relations within the industry, both formal and informal. It consists of a complex web of relationships that arise out of functional interdependence between workers and managements and between industrial organizations and society. Industrial relations are a social concept because it deals with social relationships in different occupations. It is a relative concept because it grows and flourishes or stagnates and decays in accordance with socio-economic-political-cultural situations, the degree of science and technology operates in a country (B.B. Mahapatro, 2010).

2.2.7. Industrial Relations System

The idea of a ‘system’ is used in an abstract manner and the notion is helpful when analyzing and describing an interrelated set of activities. Also he described that Based on the most famous formulation of industrial relations as a ‘system’ is given by Dunlop (1970): Every industrial relations system involves three groups of actors: (1) Workers and their organizations, (2) Managers and their organizations, and (3) Government agencies concerned with the workplace and the work community. Every industrial relations system creates a complex of rules to govern the workplace and work community. These rules may take a variety of forms in different systems – agreements, statutes, orders, decrees, policies, practices, customs. The form of the rule does not alter its essential character: to define the status of the actors and to govern the conduct of all the actors at the workplace and work community (Shaun, 2006).

This idea also supported by B.B. Mahapatro (2010), a sound industrial relations system is one in which relationships between management and employees (and their representatives) on the one hand, and between them and the State on the other, are more harmonious and cooperative than confliction and creates an environment

conducive to economic efficiency and the motivation, productivity and development of the employee and generates employee loyalty and mutual trust. Industrial relations seek to balance the economic efficiency of organizations with equity, justice and the development of the individual, to find ways of avoiding, minimizing and resolving disputes and conflict and to promote harmonious relations between and among the actors directly involved, and society as a whole. The rules, processes and mechanisms of an industrial relations system are found in Sources such as laws (legislative, judicial, quasi-judicial), practices, customs, agreements and arrangements arrived at through a bipartite or tripartite process or through prescription by the State.

2.2.8. Partnership Agreements

Partnership agreements are based on the concept of social partnership. Both parties (management and the trade union) agree to collaborate to their mutual advantage and to achieve a climate of more cooperative and therefore less adversarial industrial relations. Management may offer job security linked to productivity and the union may agree to more flexible working (Armstrong, 2008).

2.2.9. Good Industrial Relations

From the above definitions, industrial relation should be more harmonious and cooperative than confliction, creates an environment conducive to economic efficiency and the motivation, productivity and development of the employee, and generates employee loyalty and mutual trust. According to Armstrong (2006), good industrial relation characterized as follows.

Mutuality – both sides recognize that there are areas of commonality, of shared interest.

Plurality – it is recognized that there are areas of difference as well as areas of common interest.

Trust and respect – for the intentions of the other side and for legitimate differences in interests.

Agreement without coercion – there is an intention to solve problems through consensus, recognizing business and employee needs.

Involvement and voice – opportunities are provided for employees to shape their work environment and have their opinions heard.

Individualist and collectivist dimension – this is achieved through direct and indirect (i.e. representative) forms of employee involvement.

2.2.10. Benefit of Good Industrial Relation

Good industrial relation improving the employee relations climate in order to produce more harmonious and cooperative relationships, or developing a ‘partnership’ Armstrong (2008), described the following benefit of good industrial relation;- Management and employees trust one another; management treats employees fairly and with consideration; management is open about its actions and intentions – employee relations policies and procedures are transparent; harmonious relationships are generally maintained on a day-to-day basis, which results in willing cooperation rather than grudging submission; conflict, when it does arise, is resolved without resort to industrial action and integrative processes, which result in a ‘win–win’ solution; achieve resolution; and employees are generally committed to the interests of the organization and, equally, management treats them as stakeholders whose interests should be protected as far as possible.

2.3. Concepts of Collective Bargaining

Collective bargaining may be defined as the method of determining terms and conditions of employment through the process of negotiation between representatives of employers (normally management) and employees (typically trade union officials). It is thus a method of ‘joint’ decision-making which implies a need for agreement to be reached between the two negotiating parties. The outcomes of such negotiations are termed collective agreements (Stephen and Marjoi, 2010).

According to Gary Dessler (2014), explained collective bargaining, when and if the union is recognized as a company’s employees’ representative, a day is set for meeting at the bargaining table. Representatives of management and the union meet to negotiate a labor contract that contains agreements on specific provisions covering wages, hours, and working conditions. In the case of the Federal democratic republic of Ethiopian Labor proclamation No.377/2003 Collective bargaining means a negotiation made between employers and workers organizations or their

representatives concerning conditions of work or collective agreement or the renewal and modifications of the collective agreement.

2.3.1 Importance of Collective Bargaining

The importance of collective Bargaining also described by Gary Dessler (2014), perception, it is not only includes negotiation, administration and enforcement of the written contracts between the employees and the employers, but also includes the process of resolving labor-management conflicts. Thus, collective bargaining is a legally and socially sanctioned way of regulating in the public interest the forces of power and influence inherent in organized labor and management groups. He put the importance of collective bargaining in the industrial relation as follows

Importance of Employees

Collective Bargaining helps the employees: - to develop a sense of self-respect and responsibility among the employees; to increase the strength of the workers; their bargaining capacity as a group increases; to increase the morale and productivity of employees; to restrict management's freedom for arbitrary action against the employees; unilateral actions by the management are discouraged; and to strengthen the trade union movement.

Importance to Employers

The workers feel motivated as they can talk to the employers on various matters and bargain for higher benefits. As a result, their productivity increases; it is easier for the management to resolve issues at the bargaining table rather than taking up complaints of employees individually; collective bargaining promotes a sense of job security among the employees and thereby tends to reduce cost of labor turnover to management, employees as well as the society at large; and collective bargaining opens up the channels of communications between the top and bottom levels of organization which may be difficult otherwise.

Importance to Society

Collective Bargaining helps the society:- to attain industrial peace in the country; to establish a harmonious industrial climate which supports the pace of a nation's efforts towards economic and social development since the obstacles to such

development can be largely eliminated or reduced. As a vehicle of industrial peace or harmony, collective bargaining has no equal; to extend the democratic principle from the political to the industrial field. It builds up a system of industrial jurisprudence by introducing civil rights in industry and ensures that management is conducted by rules rather than by arbitrary decisions; to check the exploitation of workers by the management; and to distribute equitably the benefits derived from industry among all the participants including the employees, the unions, the management, the customers, the suppliers and the public.

2.3.2. Good-Faith Bargaining

Good-faith bargaining means that proposals are matched with counterproposals and that both parties make every reasonable effort to arrive at an agreement. It does not mean that either party is compelled to agree to a proposal. Nor does it require that either party make any specific concessions (although in practice, some may be necessary). In practice, good-faith bargaining includes things like the duty to meet and confer with the representative of the employees (or employer); the duty to supply, on request, information that is “relevant and necessary” to allow the employees’ representative to bargain intelligently; and the duty to deal with whoever the employees’ representative designates to carry on negotiations (Gary Dessler 2014).

2.3.3. Bargaining Scope

The range of subject matter which may be the subject of collective bargaining can be wide or narrow. Often the scope of bargaining is described as being either pay or non-pay issues. Non-pay issues might include: - Physical working conditions, staffing levels, the size of redundancy payments, the numbers to be made redundant, working hours, the introduction of change, a range of procedures including bargaining arrangements, discipline and grievance, redundancy and what to do in the event of a failure to agree (Mike Leat,2007).

2.3.4. Bargaining Level

Collective bargaining only occurs at one level within any particular industry, sector or organization. It is common in many countries and industries for bargaining to occur at a number of different levels and for the bargaining at each particular level to

deal with different subject matter, so that within one industry you might have:- Bargaining at the level of the industry that dealt with certain subject matter, such as minimum rates of pay or national levels of holiday entitlement. Bargaining at the level of the firm where other subjects are dealt with; an example in this context might be the firm's occupational pension scheme or particular shift work pattern or, indeed, the interpretation and implementation of the national level agreement. Bargaining at the level of the division or at the level of the workplace where other matters might be dealt with, such as enhancements to national terms and conditions of employment to enable the firm to compete in the local labour market and the implications of the introduction of new working methods or technology. It is not uncommon to find procedures being agreed at national level, which seek to determine how issues are to be dealt with at the various possible lower levels (Mike Leat, 2007).

2.3.5. Negotiating

According to Mike Leat (2007), definition, Negotiation is a process through which parties with different interests come together to reach a mutually acceptable and agreed resolution of the differences between them.

The Negotiating Team

Both union and management send a negotiating team to the bargaining table, and both teams usually go into the bargaining sessions having done their research. Union representatives have sounded out union members on their desires and conferred with union representatives of related unions. Similarly, management compiles pay and benefit data, including comparisons to local pay rates and rates paid for similar jobs in the industry. Management also carefully "costs" the current labor contract and determines the increased cost—total, per employee, and per hour—of the union's demands (see the HR as a Profit Center feature). It also tries to identify probable union demands and to size up the ones more important to the union. It uses information from grievances and feedback from supervisors to determine ahead of time what the union's demands might be and thus prepare counteroffer (Mike Leat 2007).

2.3.6 Bargaining Items

Labor law sets out *voluntary*, *illegal*, and *mandatory* items that are subject to collective bargaining. Voluntary (or permissible) bargaining items are neither mandatory nor illegal; they become a part of negotiations only through the joint agreement of both management and union. Neither party can be compelled against its wishes to negotiate over voluntary items. An employee cannot hold up signing a contract because the other party refuses to bargain on a voluntary item. Illegal bargaining items are forbidden by law. The clause agreeing to hire “union members exclusively” would be illegal in a right-to-work state.

Mandatory bargaining items include wages, hours, rest periods, layoffs, transfers, benefits, and severance pay. Others are added as the law evolves (Mike Leat 2007).

2.3.7 Collective Bargaining Process

Based on Dessler (2014), the heart of collective bargaining in good faith bargaining, which means both parties must make reasonable efforts to arrive at agreement, and proposals are matched with counterproposals. Both negotiating teams will work hard to understand their respective client’s needs and to quantify their demands. In the actual bargaining sessions, there are mandatory bargaining items such as pay, illegal bargaining items, and voluntary bargaining items such as benefits for retirees.

Impasses

Occurs when the parties are not able to move further toward settlement. An impasse usually occurs because one party is demanding more than the other will offer. Sometimes an impasse can be resolved through a third party a disinterested person such as a mediator or arbitrator. If the impasse is not resolved in this way, the union may call a work stoppage, or strike, to put pressure on management.

Third- Party Involvement

Negotiators use three types of third-party interventions to overcome an impasse: mediation, fact-finding, and arbitration.

Mediation: The mediator usually holds meetings with each party to determine where each stands regarding its position, and then uses this information to find common ground for further bargaining. The mediator is always a go-between, without authority to dictate terms or make concessions.

He or she communicates assessments of the likelihood of a strike, the possible settlement packages available, and the like.

Fact-finding/Conciliation: A neutral party who studies the issues in a dispute and makes a public recommendation for a reasonable settlement. Presidential *emergency* fact-finding boards have successfully resolved impasses in certain critical transportation disputes.

Arbitration: The most definitive type of third-party intervention, because the arbitrator often has the power to determine and dictate the settlement terms. With *binding arbitration*, both parties are committed to accepting the arbitrator's award. With *nonbinding arbitration*, they are not. Arbitration may also be voluntary or compulsory (in other words, imposed by a government agency).

Interest arbitration: Centers on working out a labor agreement; the parties use it when such agreements do not yet exist or when one or both parties are seeking to change the agreement.

Rights arbitration: Means contract interpretation arbitration. It usually involves interpreting existing contract terms, for instance, when an employee questions the employer's right to have taken some disciplinary action.

Strikes

A strike is a withdrawal of labor. There are four main types of strikes. 1. *Economic strike* results from a failure to agree on the terms of a contract. 2. *Unfair labor practice strikes* to protest illegal conduct by the employer. 3. *Wildcat strike* is an unauthorized strike occurring during the term of a contract. 4. *Sympathy strike* occurs when one union strikes in support of the strike of another union.

2.3.8. Approaches of Negotiation

As stated by Shaun (2006), Negotiations are not usually about winning or losing everything, but rather are concerned with small shifts and marginal gain or losses in pay, changes in rules, working methods, and terms of employment and so on. Matters of principle may often be felt to be involved, notably where redundancy schemes, managerial prerogatives or disputes over changes are concerned, but agreements are achieved through compromises that avoid a total capitulation by either party.

There are two different approaches to negotiation: Where the negotiation is about the distribution of resources, which are always finite, where a gain for one party is a loss for another is said to be distributive bargaining. Distributive bargaining is sometimes called zero sum bargaining. When it is Integrative bargaining where the negotiations are about how to resolve a problem to the mutual satisfaction of all parties. The approach entails ‘problem-solving’ by management and unions looking for the best solution to grievances about management actions, discipline problems and matters that lend themselves to joint management/union cooperation. This is especially appropriate in real productivity deals.

2.3 Phases of Negotiation

According to Stephen and Marjo (2010), describes the phases of negotiation as follows: -

Preparation

Thorough and thoughtful preparation by both parties is the key to ensuring that negotiations provide an effective and mutually satisfying agreement for both employees and managers. In this phase a number of important activities take place in advance of any meetings with the other party. For the management team the identification and clarification of the issue or issues to be dealt with during the negotiations needs to be undertaken before any detailed consideration can be made. This may involve the collection and evaluation of relevant information. Importantly, managers should be aware of the organization’s policy and any constraints this places on the negotiations. Once these activities have been completed, it is possible for the negotiating team to set their objectives for the meetings that are to follow. Since negotiating implies an element of compromise, these objectives can be thought of as a range – from the preferred or ideal solution to a fallback position.

Opening Presentation

Depending on the nature and degree of formality of the negotiations, there may be a formal presentation of the respective management and union cases. Here, it is expected that each side will focus on their preferred solution. In the presentation of management’s case the focus should be on why this objective is justified and there may be an attempt to set the context for the negotiations. In pay bargaining the

performance of the company over the previous year may be explained in order to set the scene for the initial offer. The presentation should be relatively short and the key arguments that support management's case should be identified. If the union negotiators open the negotiations, their case should be listened to without interruption. Once this is completed, questions may be put to clarify points raised and to probe the strength of the arguments put forward. Once these presentations are completed and both parties are clear on each other's case, it may be appropriate to take an adjournment so that more detailed consideration can be given.

Development and Bargaining

The third phase of the negotiations typically takes the greatest period of time as each party develops their case and assesses the merits of the arguments being placed before them. The main activity here is to seek to persuade the other party to move from their ideal solution. In general, one party should not move from their position unless there is some movement from the other. However, this can lead to stalemate, since neither is prepared to give ground for fear of making concessions without achieving some mutual shift by the other. This potential impasse can be overcome through the use of 'conditional proposals'. Management may suggest an area where they are prepared to move provided there is similar movement from the union on a matter which is of importance to the management team.

Closing

At this phase of the negotiations the aim is to secure the best agreement possible. This may involve a complex package of details covering a wide range of matters. It is important that this phase is not rushed, no 'loose ends' are left and that both parties are clear on what has been agreed, otherwise there may be a 'secondary dispute' over some details, necessitating another set of negotiations which may be somewhat acrimonious since the anticipated agreement has not been forthcoming. In some cases, the union may wish to ballot its members on whether they are prepared to accept the negotiated settlement. Of course, the possibility of agreement supposes that

there is an overlap in the respective negotiating objectives. If there is not, then there will be a need to re-examine the solutions and establish new objectives. If that is beyond the ability or the authority of the negotiating parties then a failure to agree

may be recorded and the use of third-party intervention, such as conciliation or arbitration, considered.

Implementation and Review

Negotiation is not an activity undertaken for its own sake, but is a process by which employees can have a voice in the decisions that affect their working lives and by which these decisions may be made more acceptable to them. Thus the effective implementation of the agreements reached is vital to the success of the process.

2.4 Grievance

2.4.1. Concept of Grievance

A grievance is an expression of dissatisfaction or a complaint by an individual that usually concerns the application, interpretation, implementation of or change to a statutory right or existing procedure, rule, custom, working practice or agreement. It may be that the complaint or dissatisfaction is concerned with the consistency of implementation, interpretation, with the failure to apply, or with the application in inappropriate circumstances of one or more of what are often referred to as rights, rights not necessarily in terms of legislative rights but in the context of the agreement, procedure or custom and practice. Many grievances are occasioned by management introducing change to existing working arrangements and methods (Mike Leat, 2007).

Unions know that employee dissatisfaction is a potential source of trouble for employers, whether it is expressed or not. Hidden dissatisfaction grows and creates reactions that may be completely out of proportion to the original concerns. Therefore, it is important that dissatisfaction be given an outlet. A complaint, which is merely an indication of employee dissatisfaction, is one outlet. If an employee is represented by a union, and the employee says, “I should have received the job transfer because I have more seniority, which is what the union contract states,” and she submits it in writing, then that complaint becomes a grievance. A grievance is a complaint formally stated in writing. Management should be concerned with both complaints and grievances, because both indicate potential problems within the workforce (Mathis and Jackson, 2008).

2.4.2. Grievance Procedures

Grievance procedures are formal channels of communication designed to resolve grievances as soon as possible after problems arise. First-line supervisors are usually

closest to a problem. However, these supervisors are concerned with many other matters besides one employee's grievance, and may even be the subject of an employee's grievance. To receive the appropriate attention, grievances go through a specific process for resolution (Mathis and Jackson, 2008).

According to Mathis and Jackson (2008), grievance procedures can vary in the number of steps they include. A typical grievance procedure, which consists of the following steps:

- The employee discusses the grievance with the union steward (the representative of the union on the job) and the supervisor.
 - The union steward discusses the grievance with the supervisor's manager And/or the HR manager.
 - A committee of union officers discusses the grievance with appropriate Company managers.
4. The representative of the national union discusses the grievance with designated company executives or the corporate industrial relations officer.
 5. If the grievance is not solved at this stage, it goes to arbitration. An impartial third party may ultimately dispose of the grievance.

2.4.3 Grievance Arbitration

Grievance arbitration is a means by which a third party settles disputes arising from different interpretations of a labor contract. This process should not be confused with contract or issues arbitration, discussed earlier, in which arbitration is used to determine how a contract will be written. The Supreme Court has ruled that grievance arbitration decisions issued under labor contract provisions are enforceable. Grievance arbitration includes more than 50 topic areas, with discipline and discharge, safety and health, and security issues being most prevalent (Mathis and Jackson, 2008).

2.5 Empirical Evidence

According to the findings of Lewam Messele (2017) on her study the role of labor union in maintaining good industrial relations at Ethiopian insurance corporation, can be a good empirical evidence that show the positive effect of role of labor union on employment relation. Based on her conclusion that the overall role of the labor union in maintaining good employment relations in the corporation is good. But, eventhough

the labor union makes efforts to be involved managerial and strategic issues of the corporation to maintain industrial democracy. Collective bargaining goes through dialogue and consensus where both parties bargaining in good faith. The study concludes there was the management and the labor union has good attitude each other and work together for industrial relation. So, trade union is important for both employees and employers to protect from unethical practices and to crating good industrial relations.

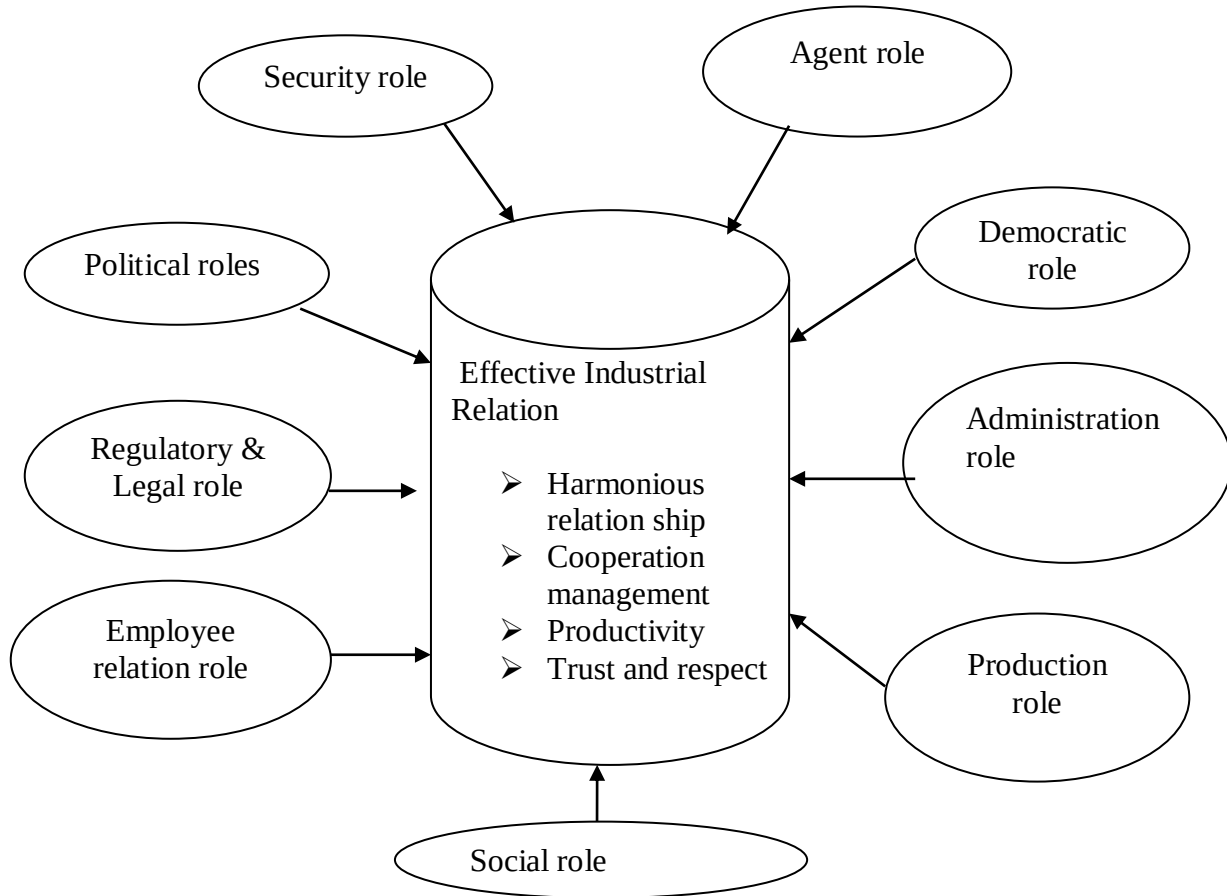
Another study that shows the important of good industrial relation by Stefan Celmare (2009) on the study of the role of trade unions in regulating labor relation in European union, on conclusion of the study, High quality industrial relations are a key element in managing economic change and reducing its costs, helping workers and companies adapt to change while protecting them from transitory shocks. Good relations between workers and employers produce positive economic and social effects, both in times of slowing economic growth

2.6 Conceptual Framework of Labor Union

The Trade Union approach to Industrial Relations conceives Industrial Relations as the relationships amongst unions, and the institutions and processes that have developed to structure them. Unions as used here refer to industrial unions, which include trade unions and employers' association. Within the trade unions could be found associations of senior employees (staff associations) on one hand and junior employees (labor unions) on the other. The interactions amongst the members of these unions either as individuals with collectivities or collectivities with collectivities are examined in this approach as constituting Industrial Relations. With unions as the fundamental unit of analysis, this approach proceeds to examine the processes, context and institutions involved in their (unions) interactions. It is from this standpoint that all the issues conceivable in today's Industrial Relations are often analyzed. For instance, the unions are shown as they participate in collective bargaining, organizational governance, dispute, grievance and disciplinary procedures etc. The unions are shown in terms of how they are influenced by factors within industry and the larger society. Unions, therefore, constitute the pivot of analysis in this framework of Industrial Relations (Isaac, 2017).

This study formulated the following conceptual framework to good industrial relation. The independent variable is the role of labor union and the dependent variable is good industrial relation.

Figure 2: Conceptual framework



CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This study designed both qualitative and quantitative data collection techniques. This part of the document explains a brief presentation of the approach of the study and the research participants. By the same talk, it provides a comprehensive picture of the methods of data collection and presentation.

3.1 Description of the Study Area

The study focuses to assess the roll of horizon Addis Tire Share Company labor union located at Nefas Selk sub city around saris being the case under study. The labor union established in 1969 E.C, which is one of the oldest union passes through different experiences with all employees as a member. Currently the union has 420 members out of 691 permanent employees. In this study, assessed the perception and attitudes of the staff in HATSC labor union to the roll of the labor union in maintaining good industrial relation.

3.2 Research Approach

Mixed research approach used in collecting data. Because to address the research fully from qualitative and quantitative data.

Research Design

The major focus of this study was to examine the role of labor union in maintaining good employment relation, so, the research designed method to use most appropriately for this study descriptive research for fully answering research question. The study employed quantitative and qualitative (mixed) approaches in order to attain the objective of the study. The researcher develops close ended questionnaire and structured interview which are adopt from literatures related to labor unions.

3.4. Population and Sampling

Among 691 permanent employees, 420 are member of the labor union and 271 employees are none unionized. The researcher selected sample from the total population of 420 members of the union and distributed questionnaire and conduct interview to collect the required information from the samples determined. In order

to get manageable respondents for questionnaires, 204 of them considered and chosen for the study using stratified random sampling technique because the technique used different representative strata. The strata in this study-categorized stratum included eight different head departments found in the company. The reason of using the strata is to get accurate representatives not only for the total population but also for sub groups (departments). The eight stratum used in this study are indicated in table below.

According to Yamane (1967) OR Slovenes 1960 a simplified formula (*equation below*) to determine the level of precision (e) = 5%.

$$n = \frac{N}{1 + N(e)^2} \dots\dots\dots \text{equation (1)}$$

Where n is the sample size, N is member of permanent employees' number and e is the level of precision. Therefore, based on the proposed sample size computation was determine the sample size from the population.

Table 3.1: Stratification for sample amount

Department (Stratum)	Population of Trade Union Members (N)	Percentage from Population	Sample size distribution (n)
Finance and economy department	14	3%	7
HR & Administration department	25	6%	12
Commercial department	20	5%	10
Plant engineering department	45	11%	22
Production department	198	47%	96
Quality Assurance department	65	15%	32
Safety & Security department	38	9%	18
Store department	15	4%	7
Total	420	100%	204

Source: *Secondary data (2019)*

In the second stage, the researcher selected appropriate interviewee from Human resource department/Administrative, line managers, union leaders on the role of labor union in a process of maintaining good industrial relation and to address the research question and to assess the role of the union in the perspective of managers and leaders in the maintaining of good employment relation. Because, those people

close to work with high-level managers and labors in the day to day operations. Therefore, the collection of this data helped the researcher broadly to attain the objective of the study.

Table 3.2: Interview Protocol

Interviewee	Population
Human resource prof.	2
Line Manager	8
Union leaders	2
Total	12

3.5 Data Source and Type

Data collected from primary and secondary data source. Questioner and interview used as primary data collection and secondary data collected from books, journals, collective agreement, and Ethiopian labor proclamations 377/2003 and published by the company. The questionnaire statements were developed and evaluated on a 1-5 Likert scale, where ‘1’ indicates strongly disagree with the statement, ‘2’ disagree, ‘3’ neutral, ‘4’ agree and ‘5’ refers to strongly agree with the statement and designed for member of Labor Union employees and structured interview design to administrative managers, line managers, union leaders.

3.6. Data Collection Instruments

The researcher used questionnaire and interview techniques to collect adequate data from the defined sample. Interview data collected were from the labor union representatives, line managers and human resource department. The Questionnaires data was collected per the arrangements made with labor union leaders and company managers to scheduled how the interview done and how the questions collected.

3.7. Ethical Considerations

The study was drawn from facts of findings derived from actual data; personal liking and disliking of the researcher should not contaminate the purity of the research data. Follow the principles of Objectivity, uphold neutrality, Lack of bias and the respondent’s responses will confidential.

3.8. Data Analysis Method

After the data processed and analyzed, the data that collect from the close-ended questions through quantitative method presented by using tables analyzed and summarized the demographic characteristics of 204 valid respondents. The descriptive statistics was done using frequency counts and percentage for demographic information and mean and standard deviation used in this research is to simply describe what the data indicates in a more general sense and in a more manageable form. The responses obtained from interviews analyzed and summarized qualitatively. The collected data were transferred to SPSS and were analyzed using descriptive statistics such as frequency, percentages, mean and standard deviation.

3.9. Validity and Reliability

According to BMJ Author service, **Validity** is defined as the extent to which a concept is accurately measured in a quantitative study. The second measure of quality in a quantitative study is **reliability**, or the accuracy of an instrument. In other words, the extent to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions. The most common measure of internal consistency used by researchers is a statistic called Cronbach's α (the Greek letter alpha). The questions included in the questionnaire are all valid to test the knowledge of members towards the role of labor union in maintaining good industrial relation. This can be ensured that the questions are highly linked to address the roles of the labor union.

Table 3.3: Reliability Statistics

Cronbach's Alpha	N of Items
.940	44

CHAPTER FOUR

DATA ANALYSIS AND INTERVIEW

This chapter deals with presentation, analysis and interpretation of the data, which has been obtained through questionnaire and interview. It analyzed the demographic characteristics, types, causes and output of Labor union on the organization. As stated on the research methodology, 204 questionnaires were distributed that the strata in this study-categorized stratum are including eight different head departments found in the company. Out of the total 204 questionnaires, all 204 questionnaires were properly filled and returned. Because the researcher distributed 230 questionnaires to meet the total sample size of 204, 210 filled questionnaires were collected. Out of 210 questionnaires, which 6 questionnaires were dropped, number of filled questionnaire 204 which give a response rate of 100%.

The data collected from employees through questionnaire is analyzed and presented by descriptive statistics using tables, followed by its interpretation based on the responses frequency, percentage, mean and standard deviation.

4.1. Demographic Responses Rate

This section is going to analyze and summarize the demographic characteristics of 204 valid respondents. The descriptive statistics was done using frequency counts and percentage for demographic information.

Table 4.1: Respondents' Demographic Profile

Variables	Group	Frequency	Percent
Gender of Respondents	Male	153	75
	Female	51	25
Age of Respondents	Less than 25	18	8.8
	25-30	22	10.8
	31-35	31	15.2
	36-40	42	20.6
	41-45	45	22.1
	Above 45	46	22.5
Level of Education	Diploma/ Certificate	94	46.1
	BA/ BSC	99	48.5
	MA	11	5.4
Employment category	Professional	133	65.2
	Operational	50	24.5
	Laborers	21	10.3
Years of Experience in Org.	0-5	86	42.2
	6-10	53	26.0
	11-15	19	9.3
	16-20	16	7.8
	21-25	22	10.8
	Above 25	8	3.9
Marital Status	Single	109	53.4
	Married	75	36.8
	Separated	18	8.8
	Divorced	2	1.0
Area of Specialization	Management	25	12.3
	Technical	104	51.0
	Accountant	16	7.8
	Chemist	59	28.9
Current Salary	2000-5000	33	16.2
	5001-8000	80	39.2
	8001-11000	37	18.1
	11001-14000	34	16.7
	14001-17000	4	2.0
	17001-21000	12	5.9
	Above 21000	4	2.0

Source: Survey questionnaire, 2019

Based on the above table 4.1, the gender distribution of respondents, which is 75 % of the respondents, are male while the rest 25 % are female. This shows that the number of male employees dominates the number of female employees in HATSC basic Labor union. And also, all high positions in the union occupied by male leaders.

As it demonstrated in the above table, 53.4 % of the respondents were single while the rest 36.8 % were married, 8.8 % of the respondents separated and 1 % divorced. Therefore, most of the respondents were single for this reason, they don't have much family responsible than married one, so, they are free. They need more service, better wage and benefits from the union to stay and to be productive for the union and the company.

With regard to their educational background, 48.5% of the respondents were first degree holders, 46.1 % of them were diploma holders and 5.4 % of the respondents represent second-degree holders, as it is indicated in the above table, all of the respondents were holders of diploma and above. Thus, it is significant for union to have well experienced and educated employees because an educated employee can possess more knowledge, better thoughts and wide understanding.

As indicated in the above table, 51 % of the respondents are specialized in technical; 28.9 % of the respondents are specialized in chemist; 12.3 % of the respondents specialized in Management; 7.8 % specialized in Accountant. This indicates that most of member's are specialized in technical and chemistry. This shows that most members are comes from the production area and the union has a member with a diversified knowledge. As shown in the above table 4.1, 65.2 % of the respondent is professional, 24.5 % of the respondents are operational while the rest 10.3 % of the respondents are laborers. This shows that most of the members are professionals and operational in the union, so, they know well about the information what is they value in the market.

Respondents based on the tenure (number of years served for the company) with in their current organization, out of the total respondents 42.2 % of the respondents have served the company between 0-5 year; 26 % of the respondents have served in

the company is year between 6-10; 10.8 % of the respondents have served the company between the year 21 to 25; 9.3 % of the respondents have served in the company year between 11-15; 7.8% of the respondents served between the year 16-20 and the rest 3.9 % of the respondents have served the company for more than 25 years. As it is shown in the table, most employees have worked on their current company for a short period, which is only between 0-5 years.

As to the age distribution of the respondents, out of the total respondents 22.5 % of the respondents are above 45; 22.1 % of the respondents are found between the age 41 to 45; 20.6 % of the respondents are found between the age of 36-40; 15.2 % of the respondents are found between 31-435 years old; 10.8 % of the respondents are found between 25-30 and 8.8% are less than 25 years old. This indicates that most union members are found at matured.

Regarding to the monthly income of the respondents, the study shows 39.2 % of the respondents were found the income range between 5001-8000 birr; 18.1 % of them were also found the income range between 8001-11000 birr; 16.7% of the respondent in the range between 11001-14000 birr and 15.7 % of the respondents are between 2000-5000; the largest income share of the respondents (5.9%) , (2%) and (2%) which is the largest share of the respondents were found above 17001-21000birr , 14001-17000 and above 21000 respectively, this indicated that the remaining 39.2 % , 18.1 % , 16.7 % and 15.7 % of the respondents fall in the range between 5000-17000 birr. Therefore, as we can understand from above table most members at low-level range.

4.2 Descriptive Statistics: Perception of Members on the Role of Labor Union

Descriptive statistics are used to describe the basic features of the data in this study such as mean, and standard deviation. The descriptive statistics used in this research is to simply describe what the data indicates in a more general sense and in a more manageable form. Regards to see the general perception of the respondents for the role of labor union in maintaining good industrial relation, the researcher has summarized the measures with the respective means and standard deviations. Hence, the mean indicates to what extent the sample group averagely agrees or does not agree with the different statements, In order to determine used the 5-point Likert type

scale. According to research gate (2019), In order to determine the minimum and the maximum length of the 5-point Likert type scale, the range is calculated by $(5 - 1 = 4)$ then divided by five as it is the greatest value of the scale $(4 \div 5 = 0.80)$. Later, number one that is the least value in the scale was added in order to identify the maximum of this cell. The length of the cells is determined as follows: from 1 to 1.80 represents (strongly disagree); from 1.81 until 2.60 represents (disagree); from 2.61 until 3.40 represents (neutral); from 3.41 until 4.20 represents (agree); and from 4.21 until 5.00 represents (strongly agree).

Table: 4.2: Mean and Standard Deviation of Security Role

	Security Role	Mean	Std. Deviation
1	The labor union benefits to you and your family, like efforts to secure better wages, benefits and working condition	2.75	.998
2	I trust my union in usage of membership fee and financial resources	3.49	.912
3	Labor union assists employee's on labor case launched by labor union against employers who treat unfairly their employees	3.30	.974
4	There is a benefit from being a labor union member in relation to employment rights	2.92	.979
	Mean and Standard Deviation of Security role	3.11	0.97

Source: Survey questionnaire, 2019

An analysis of the participant responses regarding to their labor union “security role” experiences show that the participants had a neutral and moderate experience. The mean score for the statement was 3.11. As indicated in table 4.9, data shows that most of the participant was neutral and agreed regarding their attitudes on security role of the labor union. The total mean and standard deviation of the security role shows that the labor union role in security role is good and moderate level. This implies that the labor union effort regarding to secure better wages, benefits and working condition are unsatisfied by some members.

Table: 4.3: Mean and Standard Deviation of Democratic Role

	Democratic Role	Mean	Std. Deviation
5	The election procedure is elaborate and well defined	3.16	.987
6	Grievance handling procedure is democratic	3.17	1.005
7	Labor union initiates and highly participates on employee retention mechanisms.	3.25	.957
8	The labor union participates in modifications of contracts and procedural agreements in the organization	3.56	.860
9	The participation of labor union in labor decisions minimizes industrial disputes	3.49	.934
10	The labor union is actively participating to improve the financial conditions of employees	3.14	1.024
11	When employees are transferred, the involvement of labor unions is high in the corporation	3.36	1.081
	Mean and Standard Deviation of Democratic role	3.31	0.98

Source: Survey questionnaire, 2019

The statement “democratic role”, The mean score was 3.31, indicating that the perception of the participant about the issue in each premises is almost similar and neutral, it shows that the mean of each premises and the total mean of the democratic role of labor union indicating the labor union role in the cooperation is at moderate level. This implies that they are unsatisfied members regarding to democratic role that the labor union is not strong in participating to improve the financial conditions of employees

Table: 4.4: Mean and Standard Deviation of Agent Role

	Agent Role	Mean	Std. Deviation
12	The labor union representative playing an active role in securing better wage and benefits through their efforts	3.10	1.060
13	Labor union representatives have active participations in succession plan of the corporation	3.20	1.097
14	Members trust labor union representatives in solving Working problems	3.00	1.029
15	Labor union leaders committed to represent your case effectively	3.00	1.062
	Mean and Standard Deviation of Agent role	3.07	1.06

Source: Survey questionnaire, 2019

From the above table, the mean of each premises have similar amount and the perception of the respondent is neutral, the total amount of mean and standard deviation which is 3.07 and 1.06 respectively, indicated that the role of labor union regarding to agent role is at moderate level. This implies that they are unsatisfied

members regarding to representing, securing better wage and benefits and solving working problems.

Table: 4.5: Mean and Standard Deviation of Employee Relation Role

	Employee relation role	Mean	Std. Deviation
16	Labor union encourage self-expression and freedom of action among members	3.52	.918
17	Labor union leaders involve to ensure discipline among members	3.48	1.038
18	The labor union engaged in the welfare and economic improvement of the employees	3.20	1.052
19	The labor union is effective in solving the personal problem of members	3.00	.988
20	Labor union helps to promote democracy in the corporation by letting employees to participate in employment affairs.	3.11	1.050
21	Employees are encouraged to take promotion opportunities available in the corporation	3.33	.885
	Mean and Standard Deviation of Employee relation role	3.27	0.99

Source: Survey questionnaire (2019)

Out of the total 204 respondents for each premise from the above table, indicating that the respondent was in neutral about the employee relation of the labor union. The total amount of mean and standard deviation of employee relation role of the labor union 3.27, 0.99 respectively shows that union is at moderate level. This implies that they are unsatisfied members regarding to employee relation role of the labor union.

Table 4.6: Mean and Standard Deviation of Regulatory and Legal Role

	Regulatory and Legal Role	Mean	Std. Deviation
22	The labor union protects the member from illegal practice	3.23	1.018
23	The labor union leaders give me advices on how I can exercise my right and duties with in the corporation	3.25	1.110
24	The labor union advice the member in legal issue	3.36	.990
25	The labor union ensure that laws, regulations, directives and statements are implemented by members	3.42	.864
26	The labor union participate actively during the preparation and amendments of the laws, regulations and procedures	3.63	.811
	Mean and Standard Deviation of Regulatory and Legal Role	3.4	0.96

Source: Survey questionnaire (2019)

Regarding to, the regulatory and legal role of the labor union, out of the total respondents of 204 participants from each premises; show that the perception of the member is neutral and the general role of the union about the regulatory and legal role in the cooperation is at good and moderate. This implies that they are unsatisfied

and unprotected members in the union. Also, it implies that the labor union not strong to protect the member from regulatory and legal situation.

Table 4.7: Mean and Standard Deviation of Social and administration role

	Social and Administration Role	Mean	Std. Deviation
27	The labor union participates in different social affairs, like wedding...	3.14	1.097
28	The labor union considers as partner to the business	3.37	1.045
29	The labor union playing a vital social role in the member to improve work condition	3.08	1.066
30	There is effective procedures and policies regarding to solve disagreements	3.25	1.014
31	Management and labor union work together to resolve disputes through the negotiation process	3.57	.982
	Mean and Standard Deviation of Social and administration role	3.28	1.04

Source: Survey questionnaire (2019)

As we can see from the above table, there are good responses regarding to the social and administration role of the labor union; the total amount of mean and standard deviation of the total responses respectively 3.28 and 1.04 are indicated that the labor union failed in neutral responses and the labor union found at a moderate level role in the company. This implies that they are unsatisfied members regarding to the social and administration role of the labor union.

Table 4.8: Mean and Standard Deviation of Industrial Relations

	Industrial Relation	Mean	Std. Deviation
32	Is your labor union recognized by the management	3.70	1.030
33	There is a relationship to each other with mutual trust, respect and spirit of compromise / effective industrial relation	3.70	.917
34	The labor union assists to achieve the organizational goal	3.79	.818
35	The labor union participate in strategically issue of the organization	3.49	.918
36	Employee relations policies and procedures are transparent	3.44	.905
37	When conflict is raised, which result in a “win- win” solution	3.13	.979
38	The labor union participates in the designing and implementation of employee reward system	3.55	.889
	Mean and Standard Deviation of Industrial Relations	3.54	0.92

Source: Survey questionnaire (2019)

From the respondents attitudes about the industrial relation of the labor union; the data shows that, the total amount of the respondents mean and standard deviation which is, 3.54 and 0.92 respectively indicated that, most of the participant agreed about the labor union role regarding to industrial relation is good. This implies that the labor union role regarding to the industrial relation found at good activity specially, keeping the relationship at industrial peace between the labor and management determined by an agreement on terms and conditions reached through a formal process of negotiations by representatives of management and the workforce. The union much engaged on the management and employee relation on the working condition but the member's interest and question is beyond that.

Table 4.9: Mean and Standard Deviation of Collective Bargaining

	Collective Bargaining Agreement	Mean	Std. Deviation
39	The collective bargaining has made through dialogue and consensus	3.58	.909
40	Labor union and management are in good faith	3.82	.876
41	There is fair negotiation for better Working conditions	3.46	1.089
42	The labor union involve the employee in order to make decision on collective agreement	3.03	1.024
43	The bargaining system in the corporation is based on objective assessment and adequate information	3.40	.856
44	The labor union has strong positions to monitor the implementation of the collective a agreement of the corporation	3.37	.875
	Mean and Standard Deviation of Collective Bargaining	3.44	0.94

Source: Survey questionnaire (2019)

The above table shows that, the role of the labor union regarding to the collective agreement; according to the data obtained from the total 204 respondent in each premises; in the perception of the participant the role of the labor union in the collective agreement is agreed that the union activity is good. Also, the total amount of the mean and standard deviation of the respondent shows that the role of labor union in the company regarding to collective agreement found at good level. This implies that the labor union role regarding to negotiation is not enough to secure the interests of members and it shows they are gaps in the collective agreement.

4.3 Data collected from interview

To acquire more qualitative data, it is necessary to gate the people who have firsthand knowledge about the role of labor union. An interview was conducted among the three targeted groups, therefore HR/Administration, line managers and union leaders. The researcher conducted structured interviews and thematic analyses to treat the interview responses.

Question: Do you think that the union in your organization is effective in maintaining good employment relation?

the interview data from the representative shows that the current labor union was found at good activity specially, keeping the relationship at industrial peace between the labor and management determined by an agreement on terms and conditions reached through a formal process of negotiations by representatives of management and the workforce. But there are major challenges that labor unions face in the corporation to playing the industrial relations role as they like which is, the non-union employees. The management treats employees like valuable human resources, then employee generally feel no need for outside representation. That is why, non-union employees a challenge for the union. Because of the company providing good working conditions, fair treatment by supervisors, responsiveness to worker complaints and concerns, and reasonably competitive wages and benefits to all union and non- union employees.

Question: How does the union playing its role to characterizing in the collective bargaining?

Many workers want more cooperative dealings with management, rather than being autocratically managed. The Union's ability to further commitment from members and to remain as their bargaining agent apparently depends on how well the union succeeds in providing services that its members want. The negative part of the union in industrial relation is, low in collective agreement regarding wage and benefits. But it has strong part on keeping and implementing the rules and regulations to maintaining industrial relations. It is also noted that, there is not clearly indicated the right time to attending annual member meeting in the collective agreement document , it declared in the agreement that the members annual meeting is depend on companies good willing. It can be between 1, 2, and 3 years gap depend on the

companies situation. From the interview data, the researcher found out that there is not clearly indicate the right time to attending annual member meeting, it declared that the members annual meeting is depend on companies good willing. It can be between 1, 2, and 3 years gap depend on the companies situation.

Question: What are the most redundant issues or problems those are raised by employees in the corporation?

The result indicated that the most redundant or problems raised by the employees are regarding to their issues of wages and benefits. The current labor union not enough strength when they dealing with management about issues like to improve their wages, strength on collecting bargaining like attending annual member meeting.

Question: What are the major challenges do you think that labor union faces in the corporation?

The data collected from interview question by asking the union leaders regarding with the major challenges that the labor union faces in the corporation. From the responds, non- union employees are one of major challenges for the union to perform their role to maintaining good industrial relation in the corporation. Furthermore, there is not special treatment to be a member from the management; all employees are equal in the company.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

In this section, summary of major findings, conclusions inferred from the data analysis in chapter four, and suggested recommendations illustrated in detail.

5.1 Summary of findings

The general objective of this research was investigated the role of the labor union in maintaining good industrial relations in HATSC based on the general labor union role. The purpose of the study concentrated based on the set of objectives outlined below.

1. To investigate the current role of the labor union to maintaining industrial relation
 2. To examine the challenges of the labor union in playing its role
 3. To investigate the current labor union weakness in playing its role
 4. To examine the labor union strength in playing its role
- Currently, among the 691 total employees, 420 employees are the member of trade union; this shows that the union does not include 271 permanent employees.
 - As to the demographic data of the respondents; 75% of the respondents are male and the rest 25% of the respondents are female, this shows that male employees dominated the labor union; all of the respondents are above diploma, which indicates that they are educated and they are professionals and operational levels which specialized in technical and chemistry (production) areas; 22.1 % of the labor union members are above 45 and 21.6 % of members are between 41- 45 years old; this indicates that most members are matured; based on monthly income 39.2 %, 18.1 %, 16.7 % and 15.7 % of the respondents are fall between the range 5000-17000 birr; which is indicated that most of the members have low income and 42.2% of the members are worked on their current company for short period, which is only between 0-5 years.

- Non-union employees are major challenging for the union to playing its role because of there is not special treatment to be a member from the management; all employees are equal in the company. In general, from the respondents data analysis that security role, democratic role, agent role, employee relation role, regulatory and legal role and social and administration role; shows that the current activity of the role of labor union in maintaining good industrial relation in the perception of members are good and moderate.
- The labor union participated in the design and implementation of employees reward system but the current existed labor union is not trying to improve the member's interest of gating better wages: this shows that the performance of the labor union is low in dealing with the management about wages. However, the result indicated there are unsatisfied members by the present practice of the union regarding to their issues of wages and benefits and the union should have to work hard to strength the union to make pressure on the management.
- From the industrial relation point of view, the labor union and the management relation depends on good faith but the relation is depend on the overall employees wage and benefit plan of the company. Regarding to the respondents evaluation, the role of the labor union has positive or good feedback but it not should be mean that the union maintaining good industrial relation in the organization is enough. Still the labor union participates in the design and implementation of employees reward system; but the labor union is not trying to improve the member's interest of gating better wages: this shows that the performance of the labor union is low in dealing with the management about wages. But it has strong part on keeping and implementing the rules and regulations to maintaining industrial relations. The union much engaged on the management and employee relation on the working condition but the member's interest and question is beyond that.
- An analysis of the participant responses regarding to Collective bargaining preparation experiences of the labor union shows that good but not encourage in the bargaining strength position of wage and salary. But the members have a strong feeling that by joining unions the interests of wage and salary are

promoted effectively. The union fully exert the power to protect the member rights and interests. The labor union has strong positions to monitor the implementation of the collective agreement rather than strongly bargaining for better wage and benefits of the interest of members.

5.2 Conclusions

Based on the findings of the role of labor union, it can be concluded that the current labor union of HATSC, playing its role at moderately to maintaining good industrial relation. Besides bringing good industrial relation, the union should try to put more emphasizes in to bringing new value to its members. The union should concentrate on attract a new membership to get strength to a better negotiation. The union also should provide some new service it would attract more non-members and it would be a competitive advantage to the union. Union density is a major strength and power and union with higher density can put pressure on management. And also, the labor union should focus much more on the needs and desire of the members. The labor union representatives should work much likely to secure guaranteed than non- unionized workers.

From the industrial relation point of view, the labor union and the management relation depends on good faith, but the relation should be depend on the interest of members regarding to the overall employees wage and benefit plan of the company. The labor union should have to work strongly to attract new members to make pressure on management. The strength of the union is good in industrial relation practices; social partners in industrial democracy, development of legal framework which the conditions up on rights can exercised, institutionalizes a system of enforcement procedures and mechanisms, and There is effective procedures and policies regarding to solve disagreements.

From the collective bargaining point of view, One of the major weaknesses of the union is problem of better negotiation about wage and benefits for members; rules and procedures should under review, the union should be acted series of wage adjustment before generating conflicts and losing membership and power.

In general, as per the questions and interview findings of the study, it can be concluded that the role of the labor union in maintaining good industrial relation in the company

is good and moderate. The labor union more focused on the rules and regulations of the labor union and social activities and overall procedures of the company rather than securing members salary and benefits. The labor union and the management relation depends on good faith, but the relation should be depend on the interest of members regarding to the overall employees wage and benefit plan of the company. And the union should be strong in the collective bargaining power to make pressure on management. Because the primary function or role of labor union is secure the interests of members.

5.3 Recommendations

On the basis of the findings and conclusions of the study obtained above, the researcher has forwarded the following recommendations.

- The union should be attracting more non-members, it would be a competitive advantage to the union to get strength, and power and union with higher density can put pressure on management.
- The union should negotiate with the management about a new wage system to satisfy members. In addition, the union also should clearly negotiate annual members meeting specific schedule that declaring in the collective bargaining document.
- The management as well as the union leaders should be negotiates about the different treatments between union employees and non-union employees.
- The union should set program to announce the existence, its activity and importance for the new staff.
- Union and employers should have to negotiate versions of the union shop for instance when company hire nonunion people, they must join the union after a prescribed period and pay dues. (If not, they can be fired.).
- Labor union should build additional value to members in the work they perform. Besides bringing security to life and improving working conditions, the union should try to put more emphasis into bringing new wages to its members. The union should concentrate on membership interests and benefits to its members.

Annex – I



**ADDIS ABABA UNIVERSITY
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MA IN HUMAN RESOURCE MANAGEMENT**

Questionnaire to be filled by members of the Labour Union

Dear respondent,

I am Eskender Kebede, a student at Addis Ababa University College of Business and Economics School of Commerce. In order to finish my study Master of Human Resource Management, I need to conduct research. My research is about the role of labour union in maintaining good industrial relation in the case of Horizon Addis Tyre Share Company.

Purpose: The purpose of this questionnaire is to collect data that is necessary to find out the role of labour union in maintaining good industrial relation. Participation in this study is entirely voluntary, and unanimity and secrecy is maintained. Your genuine and timely response is highly important to arrive at sound conclusions. You are not required to write your names. Any information you provide is held in strict confidential manner. Results are reported in a summarized form. It may 15-20 minutes to fill it. Thank you very much for your willingness to participate in this study.

The Question consists of 4 Pages and Two items. The first items are demographic information and the second items are closed- ended questioner.

Demographic Questions

Instruction: Please putting an 'x' mark on appropriate from the boxes provided option and fill in the blank spaces where appropriate.

1. Gender: ☐ Male ☐ Female

2. Marital Status: ☐ Single ☐ Married ☐ Separated ☐ Divorced ☐ Widowed

3. Educational Level: ☐ Diploma ☐ First Degree ☐ Master's Degree

4. Area of Specialization: Management: includes HR, Marketing, Store, and excludes Managerial positions; Accounting; Technic; and Chemistry; others, please specify _____

5. Job Category: ☐ Professional ☐ Operational ☐ Labourer; others please specify _____

6. Years of work experience in the company: _____

7. Date of Birth: _____

8. Monthly income: _____

INSTRUCTION: List of items that are believed to measure variables of the study is given below. Please indicate your degree of agreement by putting an ‘x’ mark on appropriate boxes whereby 1=Strongly Disagree; 2=Disagree; 3=Neither Agree Nor Disagree; 4=Agree; 5=Strongly Agree.

Item No.	I. LBOUR UNION ROLE					
	Security Role	1	2	3	4	5
1	The labor union benefits to you and your family, like efforts to secure better wages, benefits and working condition					
2	I trust my union in usage of membership fee and financial resources					
3	Labor union assists employee’s on labor case launched by labor union against employers who treat unfairlytheir employees					
4	There is a benefit from being a labor union member in relation to employment rights					
Democratic Role						
5	The election procedure is elaborate and well defined					
6	Grievance handling procedure is democratic					
7	Labor union initiates and highly participates on employee retention mechanisms.					
8	The labor union participates in modifications of contracts and procedural agreements in the organization					
9	The participation of labor union in labor decisions minimizes industrial disputes					
10	The labor union is actively participating to improve the financial conditions of employees					
11	When employees are transferred, the involvement of labor unions is high in the corporation					
Agent Role						
12	The labor union representative playing an active role in securing better wage and benefits through their efforts					
13	Labor union representatives have active participations in succession plan of the corporation					
14	Members trust labor union representatives in solving Working problems					

15	Labor union leaders committed to represent your case effectively						
Employee Relations Role							
16	Labor union encourage self-expression and freedom of action among members						
17	Labor union leaders involve to ensure discipline among members						
18	The labor union engaged in the welfare and economic improvement of the employees						
19	The labor union is effective in solving the personal problem of members						
20	Labor union helps to promote democracy in the corporation by letting employees to participate in employment affairs.						
21	Employees are encouraged to take promotion opportunities available in the corporation						
Regulatory and Legal Role							
22	The labor union protects the member from illegal practice						
23	The labor union leaders give me advices on how I can exercise my right and duties with in the corporation						
24	The labor union advice the member in legal issue						
25	The labor union ensure that laws, regulations, directives and statements are implemented by members						
26	The labor union participate actively during the preparation and amendments of the laws, regulations and procedures						
Social and Administration Role							
27	The labor union participates in different social affairs, like wedding...						
28	The labor union considers as partner to the business						
29	The labor union playing a vital social role in the member to improve work condition						
30	There is effective procedures and policies regarding to solve disagreements						
31	Management and labor union work together to resolve disputes through the negotiation process						
II. INDUSTRIAL RELATION							
32	Is your labor union recognised by the management						
33	There is a relationship to each other with mutual trust, respect and spirit of compromise / effective industrial relation						
34	The labor union assists to achieve the organizational goal						

35	The labor union participate in strategically issue of the organization					
36	Employee relations policies and procedures are transparent					
37	When conflict is raised, which result in a “win- win” solution					
38	The labor union participates in the designing and implementation of employee reward system					
III. COLLECTIVE BARGAINING						
39	The collective bargaining has made through dialogue and consensus					
40	Labor union and management are in good faith					
41	There is fair negotiation for better Working conditions					
42	The labor union involve the employee in order to make decision on collective agreement					
43	The bargaining system in the corporation is based on objective assessment and adequate information					
44	The labor union has strong positions to monitor the implementation of the collective a agreement of the corporation					

45.If you have something to add here that may contribute to improve the current labour union in terms of industrial relation, please suggest them here.

Thank you for your cooperation!!!

Annex – II



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INTERVIEW QUESTIONS

This interview questions will be answered by purposively selected respondents (Human Resource Professionals, Line managers)

1. Do you think that the union in your organization is effective in maintaining good employment relation?
2. Do you think that there is an effective relationship between the management and union to facilitate mutual gain?
3. How does the union playing its role to characterizing in the collective bargaining?
4. Does the labor union participate about company issue? Please explain in what issuedo they participate?
5. What is the role-playing by labour union to ensuring the benefit of its members?
6. Do you think the management has good relation with union and non- union employees?
7. Does your HR professionals are working with the right procedure?
8. What are the major challenges to the labor union in playing its role?
9. What is the labor union weakness in playing its role
10. What is the labor union strength in playing its role

Thank you for your cooperation...!

Annex – III



**ADDIS ABABA UNIVERSITY
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INTERVIEW QUESTIONS

**This interview questions will be answered by purposively selected respondents
(Union Leaders)**

1. How do you evaluate the general roles of the labor union?
2. What are the employment issues that the labor union has involved in the corporation?
3. What are the most redundant issues or problems those are raised by employees in the corporation?
4. What are the major challenges do you think that labor union faces in the corporation

Thank you for your cooperation...!