



The Role of Labor Union in Maintaining Good Employment Relations: The Case of Ethiopian Insurance Corporation

**A thesis Submitted to Addis Ababa University School of Commerce Graduate
Studies Program**

**In partial fulfillment of the requirements for the Degree of Master of Arts in
Human Resource Management.**

By: Lwam Messele

**May, 2017
Addis Ababa**

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

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Declaration

I, the undersigned, declare that this research project is my original work. All sources of materials used for the research project have been duly acknowledged. I further confirm that the research project has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Date: _____

Endorsement

This is to certify that the thesis prepared by Lwam Messele on ‘The role of labor union in maintaining sound employment relation; The Case of Ethiopian Insurance Corporation’, submitted in partial fulfillment of the requirements for the Degree of Master of Human Resources Management complies with the regulation of the University and meets the accepted standard with respect to originality and quality.

Signed by the Examining Committee

Internal Examiner _____ Signature _____ Date _____

External Examiner _____ Signature _____ Date _____

Advisor _____ Signature _____ Date _____

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List of Acronyms

AETU-All Ethiopian Trade Unions

CBA-Collective Bargaining Agreement

CB-Collective Bargaining

CELU-Confederation of Ethiopian Labor Unions

CETU-Confederation of Ethiopian Trade Unions

ETU-Ethiopian Trade Unions

ILO-International Labor Organization

MOLSA-Ministry of Labor and Social Affairs

ER- Employment relations

IR- Industrial relations

EIC-Ethiopian Insurance Corporation

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Abstract

The main objective of this study was to examine the role of labor union in maintaining good employment relation. To study this subject matter, Ethiopian Insurance Corporation labor union which has 899 members was selected. The study used descriptive research design and employed mixed research approach, to investigate the extent to which the labor union participates and allows its own members to take part in labor affairs to maintain good employment relation in the corporation. Due to the time and budget constraint, dispersed geographical location and similarity of work categories, data was collected from all offices that are located in Addis Ababa, where there are 511 union members. From this population size 224 union members were selected by using convenience sampling and 4 union leaders and 4 administrative managers were purposively selected by using purposive sampling, who were considered to be major informants. The sampled union members were asked to complete a self-administered questionnaire with 39 likert scale questions categorized in four parts. To check the internal consistency and reliability of the questions, pilot testing was conducted and Cronobach's Alpha of 0 .919 was acquired. The final response rate was 87% (N=190). The respondents' responses were analyzed using descriptive statistics through SPSS.

The results are presented in the form of figures, charts and tables using mean and percentages. The findings revealed that the role of the labor union in ensuring the benefits of the union, in maintaining peaceful employment relation and in collective bargaining is good, whereas the overall role of labor union in promoting industrial democracy among union members and in the corporation is low. However, the labor union needs to work on creating ways to participate in strategic issues of the corporation, succession plan and employee promotion. And, most importantly it needs to work on finding ways to reach out all union members, so that they can participate in labor affairs and get up-to-date information about changes in the corporation.

Key words: *Labor union, Employment Relations, Industrial Democracy, Industrial peace/harmony, Collective Bargaining*

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

In today's constantly changing world, human resources have become the most important assets of an organization. According to Armstrong (2008), people are assets that contribute directly to organizational performance. The success or failure of an organization is largely dependent on the caliber of the people working therein. Without positive and creative contributions from people, organizations cannot improve and thrive. In order to achieve the goals or the activities of an organization, the management has to give more emphasis to its human resource in order to keep them committed to the organization and satisfied with their working conditions by creating harmonious employment relationship which is necessary to safeguard the interests of both (i.e. the management and employees). To achieve this, management always needs the collective consent of its employees. This can partly be delivered by trade unions (Torrington, Hall & Taylor, 2005).

According to Armstrong (2010), employee relations is concerned with how to build stable and cooperative relationships with employees that minimize conflict, achieve commitment through employee involvement and communications processes, develop mutuality – a common interest in achieving the organization's goals through the development of organizational cultures based on shared values between management and employees. This can be maintained through collective bargaining and negotiations between management and unions. In this case, labor unions play a significant role in creating conducive working relationship between employees and management by providing advice and support so that conflicts can be managed easily.

To achieve this, trade unions jointly with management must have continual negotiations and collective agreement with the management to create harmonious employment relation. By enhancing their involvement through collective bargaining in relation to labor and human resource policies and practices, labor unions must strive to maintain industrial democracy through high participation in labor related issues and maintain industrial peace wherein there are

no conflicts at the work place which harms the interest of the society and puts the employers to financial losses.

Healthy companies with motivated and cooperative work forces survive and have a chance to overcome competition. Unhealthy firms with internal, debilitating conflicts between labor and management can lag behind a fall by the wayside. Good industrial relation ensures industrial peace avoids strike, lock-out and increases production (Aswathappa, 2005). And, labor unions, in this case, have a wider role in creating a bridge between the management and employees to ensure industrial democracy and peace by protecting the interests of workers and trying to improve employment conditions.

Even though, unions have played a role in industrial relations for centuries, in the last few decades many aspects of the business and working environment have been changed. Political constraints on unions have become much more inhibiting over recent decades and the need for joining labor unions is declining in many developed countries where virtual teams can work together internationally/globally.

However, the need for labor unions in developed countries is declining, still trade unions currently play a very significant role in the representation of employees on which the effectiveness of their representation depends on their internal governance and on how effectively they can externally represent the interests of their members, particularly in relation to enterprise bargaining (Gollan & Patmore, 2002).

McKenna & Beech (2002) stated that the tradition of employee representation through trade unions and collective bargaining as the focus of engagement between the management and unions is being replaced by new relationships in the workplace, but the replacement is not a single type. It is made up of a number of different trends. In some cases the traditional model is retained, in others increased individualism, and yet in other cases a partnership approach is adopted in which unions take some of the concerns of the organization and work with management in order to maintain the profitability and longevity of the firm.

In developing countries like Ethiopia, labor unions are important partners in employment relations with essential functions of empowering employees to have the power of making decisions about their working life and helping them to distribute the results of socio-economic development equitably (Redae 2013).

Therefore, to examine how unions fit into the current business and working environment and what roles they lay in Ethiopian organizations especially in maintaining good employment relation as well as what difference they make because of their existence in an organization is important to understand so long as they represent the voice of human resources that are the major assets of an organization.

1.2 Organizational Profile

Ethiopian Insurance Corporation (EIC) was established in 1976 by proclamation No. 68/1975. The corporation came into existence by taking over all the assets and liabilities of the thirteen nationalized private insurance companies. EIC was operating the business for about nineteen years under protected monopolistic system as state owned-sole insurer. After the demise of the Marxist regime in mid-1991 a fundamental change has taken place and there was a shift in political, economic and social orientation from totalitarianism to that of liberalism. Therefore, EIC was re-established as public enterprise under proclamation number 201/94 (www.eic.com.et).

To be a world class insurer by the year 2025 is the vision of the corporation. Providing customers an efficient and reliable insurance service, contributing to the sustainable development of the national economy and playing a vital role in the industry, are the major missions of the corporation (EIC Magazine, 2015).

The Corporation has investment in African Import & Export Bank, African Reinsurance Corporation, Motor Engineering Company of Ethiopia (MOENCO), United Investors Share Company. It also participates in co-financing of different projects in collaboration with Banks. In addition, the Corporation has long standing and strong relations with many international insurance

organizations and associations. For example, it is a member of three regional organizations i.e. Federation of Afro Asian Insurers and Reinsurers (FAIR), African Insurance Organization (AIO) and Organization of Eastern and Southern African Insurers (OEASI) (www.eic.com.et).

EIC is administered by the board of management which reports to the Public Financial Enterprises Agency which is accountable to the Prime Minister's Office. The Top Management Team comprises of the Chief Executive Officer, plus five Deputy Chief Executive Officers and four Directorates (www.eic.com.et).

The senior management is supported by Six Directors of District A's and Eight Directors of District B's a network of 66 local Branches and all under the supervision of their respective Districts (EIC Magazine, 2015).

According to Ethiopian labor proclamation, EIC labor union was established in 1976. The Union is a member in the Confederation of Ethiopian Trade Union and founder/ member of the Ethiopian Industrial Federation of Banking and Insurance Trade Unions. The labor union has a General assembly which comprises 23 Council, 7 Executives, 3 audit Committee and 14 representatives from District A and B (EIC Labor Union Mandate, 2016).

The General assembly is composed of all members of the union guided by the Chairperson who is the President of the union.

The Council Committee is composed of 30 members who are assigned by the general assembly.

The Executive committee has 9 members who are selected and assigned by the general assembly (i.e. President, Vice President, General Secretary, Second Secretary, accountant, cashier and one union member).

The Audit is assigned by the general assembly which has a staff of 3 persons (i.e chairperson, secretary and one member of the union) and works for the council committee and general assembly.

District Representatives (14 members) are selected and assigned by the Executive Committee from each districts.

The structure is illustrated as follows;

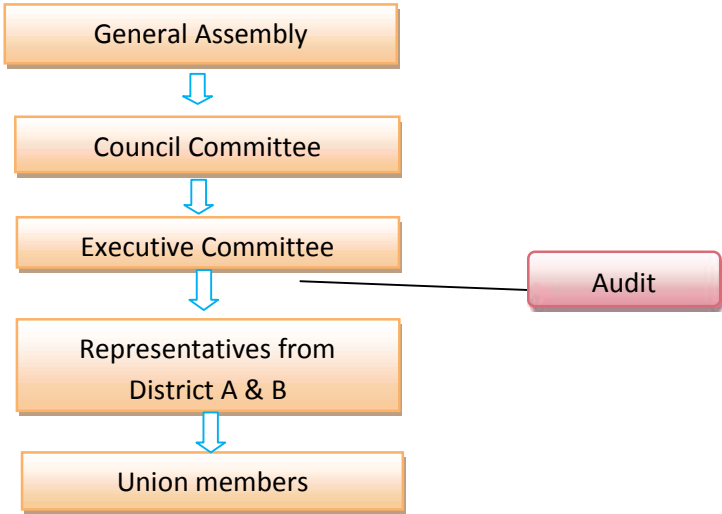


Figure 1.1 Organizational structure of EIC labor union

Source: Ethiopian Insurance Corporation

1.3 Statement of the Problem

Good management-union relationships in organization continue to be associated with high levels of trust, mutual commitment and good communication, and the realization that the establishment of partnership does not automatically deliver mutual gains. These capacities require considerable effort, dedication and attitude changes in both parties to achieve (Johnstone, Wilkinson & Ackers, 2004). However, if union cooperative practices with management contribute to business advantages at the expense of employee interests, as the critics of partnership foresee, then partnership is viewed as an unrealistic practice of achieving mutual gains in an environment of diverging interests (Kelly, 2004). Effective representation of employee interests may well depend on the non-cooperative approach to protect employee interests (Bacon & Blyton, 2006).Based on the view of Ivancevich (2008), labor union should stand to advance its members’ interests in regard to wages and working conditions with principal purposes of regulating relations between workers and employers. And, workers’ involvement determines union’s strength and its capacity to bargain with the management.

Moreover, the extent to which a union's functioning can be called democratic depends upon the level to which it allows its members to participate in its programmes (Prakash Arya, 1980).

Despite these facts, the practices of the labor union of the Ethiopian Insurance Corporation seems to be far from satisfactory in participating members of the union in employment affairs. Through preliminary discussions with few employees of the Corporation, the researcher observed that the labor union only calls members for a general assembly once in a year and does not have any defined mechanisms where all union members could regularly participate and express their interests in employment affairs. Moreover the practice shows that, the role of the labor union is restricted to wages and other benefits. And, during bargaining, the labor union does not assess the specific needs of employees which need a collective negotiation. And, even though there is an attempt to address employment condition of employees, there are still unfulfilled interests of employees pertaining to employee promotion and career development.

This study tried to examine the role of the labor union in fulfilling the interests of its members and in maintaining good employment relations; and then seek ways to encourage or increase workers' participation within the corporation.

1.4 Basic Research Questions

To learn the roles of Ethiopian Insurance Corporation labor union and to examine its major roles in maintaining good employment relation, the study is guided by the following key research questions:

1. To what extent is the labor union plays a role in ensuring the benefits of its members?
2. To what extent is the labor union plays a role in promoting industrial democracy?
3. To what extent is the labor union plays a role in maintaining peaceful Industrial relation?
4. How is the role of the labor union in collective bargaining characterized in the corporation?

1.5 Objectives of the Research

The general objective of the study was to examine the role of the labor union of Ethiopian Insurance Corporation in maintaining good employment relations.

The specific objectives of the study are;

1. To examine the current role of the labor union in ensuring the benefits of union members.
2. To investigate the current role of the labor union in promoting industrial democracy.
3. To investigate the current role of the labor union in maintaining peaceful industrial relation.
4. To examine the practices of the labor union in collective bargaining in the corporation.

1.6 Significance of the Study

This study can aid managers to look at their human resource management practices and policies to engage in more effective ways to improve the management-union relations through analyzing the main challenges in the areas of employment relations of the Corporation by understanding the needs of employees. And, organizations can assure their competitive advantage and will be able to achieve their goals. And also the study can enable the members either to sustain or to improve their extent of participation in union activities. The study can also serve as a future reference and basis for other researchers to carry out related researches on the subject of human resources specifically on roles of labor unions in maintain good employment relations. It can also benefit Management and Union of other organizations as it provides insight on roles of labor union in maintaining sound employment relation in organizations which may then help the organizations to maintain harmonious employment relation between management and employees, which is important for them to accomplish corporate objectives.

1.7 Delimitation / Scope of the Study

The study focused on examining the role of labor union in maintaining good employment relations in Ethiopian Insurance Corporation. Ethiopian Insurance Corporation has 1340 employees with

different educational background, where 899 of them are members of the labor union who work under the 14 districts/quarters and 66 branches that perform under the eyes of their respective districts, which are scattered in all over Ethiopia.

1.8 Limitation of the Study

Even though the existence of labor unions is common in organizations, there is a lack of documented data in relation to the role of labor union as well as a lack of adequately published text books and empirical studies especially that can elaborate in Ethiopian context. Due to the time and budget constraint, dispersed geographical location and similarity of work categories, the researcher collected data from the 6 districts and 9 branches that are located in Addis Ababa where there are 511 union members.

1.9 Definition of Terms

Labor union/Trade union; a Labor union is an organization of employees that uses collective action to advance its member's interests in regard to wages and working conditions and it as an organization whose principal purposes include the regulations of relations between workers and employers (Ivancevich,2008).

Employment Relations; Employee relations is concerned with how to build stable and cooperative relationships with employees that minimize conflict, achieve commitment through employee involvement and communications processes, develop mutuality – a common interest in achieving the organization's goals through the development of organizational cultures based on shared values between management and employees (Armstrong, 2008).

Industrial Democracy; Industrial democracy is an arrangement which involves workers making decisions, sharing responsibility and authority in the workplace. Its core principle is the need for the democratic participation of worker representatives in the governance of labor conditions (Kaufman,

2000). Kaufman (2000) highlights four key components underscoring the Industrial Democracy approach: democratic methods for worker participation in decision making, those within the organization can hold those in authority to account, due process to be followed in disputes and a balance in power between the employer and workers through collective organization. Thus, the involvement of unions representing the interests of workers in developing labor regulation is seen as crucial (Egels-Zanden, 2009).

Industrial peace/harmony; This refers to a state of relative peace in any industrial organization, which involves; absence of strikes, and distrust among work groups or unions, peaceful relationship between unions and management of the organization, as well as employee positive perception of his or her contribution as participant not as subject within the organization. Industrial harmony is a very critical factor of organizational productivity and performance (Bassey,Ojua, Archibong & Bassey,2012).

Collective bargaining; Collective bargaining is specifically an industrial relations mechanism or tool, and is an aspect of negotiation, applicable to the employment relationship. In the Ethiopian context, collective bargaining is clearly put in labor proclamation number 377/2003,article 124(2) which defines a collective bargaining as it is a negotiation made between employers and workers organizations or their representatives concerning conditions of work or collective agreement or the renewal and modification of the collective agreement.

Collective Agreement; According to Fossum (2006), collective agreement is a product of collective bargaining in which labor and management representatives join together and ratify a contract in writing. And when the negotiators agree on a new contract, the union team still has responsibilities to fulfill before the final agreement is signed.

1.10 Organization of the Study

This study is organized into five chapters. The first chapter, Introduction, discusses the background of the study, background of the organization, statement of the problem, research questions, the research objectives, significance of the study, Delimitation/scope of the study, limitation of the study, definition of terms and organization of the study. Chapter two reviews various literatures in order to enhance the knowledge about the area. Chapter three discusses the research methodology, data collection and procedures, sampling techniques used whereas the fourth chapter presented the result analysis and data interpretation. The last chapter gives conclusions and recommendations on the research findings.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2. 1 Concept of Labor Unions

Decenzo & Robbins (2005) defined Labor Union as an organization of workers acting collectively seeking to promote and protect its mutual interests through collective bargaining. A Labor union is a formal association of workers that promotes the interests of its members through collective action. The very existence of unions depends upon laws and legal action (Robert & John2010). Based on the view of Ivancevich (2008), a labor union is an organization of employees that uses collective action to advance its member's interests in regard to wages and working conditions and it as an organization whose principal purposes include the regulations of relations between workers and employers. According to Ehrenberg & Smith (2009), labor unions are organizations of workers whose primary objectives are to improve the financial & nonfinancial conditions of employment among their members.

From the above definitions, we can conclude that Labor union is a voluntary organization of workers formed primarily for the purpose of pursuit of the interests of members.

2.1.1 Origin of Labor Unions

Workers started to quest employers pertaining to their employment conditions, after the industrial revolution which took place in England in the mid-18th century (Bacon & Blyton, 2006). As Radae (2013) indicated in his article, in Africa, unionization was very much associated with the introduction of industrialization and the latter was closely connected with colonization.

In Ethiopia, workers started being organized in an economic situation dominated by foreign employers who attempted to operate in modes of the colonial era even though Ethiopia has never been colonized. They were subjected to oppression and exploitation which motivated them to stage struggles against employers' decision making over which management claims sole rights. The

oldest union in Ethiopia, Ethio-Djibouti railway workers union, which was formerly known as the Franco-Ethiopian railway workers union, was established in 1945 E.C and has been the only workers organization in the country for a while. At the time, workers in other organizations had no means of protecting their interests. As a result, the effort of labor unions generally terminated in failure for many years since there was no law giving legal recognition to unions in the country (CELU, 2016).

The promulgation of the 1963 labor relations decree created an important landmark in the history of trade unionism in Ethiopia as it gave legal recognition to unions. Collective bargaining through labor unions also became a form of Employer-Employee relationship. From 1963 until the down-fall of the feudal regime, plant unions were directly organized under one confederation, the Confederation of Ethiopian Labor Unions (CELU). Agitation from socialist political groups resulted in the passing of the leadership of the central organ of the trade unions (the Confederation of the Ethiopian Labor Unions (CELU)) to socialists. Revolutionary objectives were, then, emphasized as a reaction to arbitrary, restrictive controls imposed by the rule makers of the previous regime on labor movements and conditions of work. Revolutionary potentials have been at their heights in the early days of the Dergue regime. (www.celu.com)

However, this was short-lived as the Dergue organized elections, which it maneuvered to have its own supporters elected. In December 1975, a new law embracing socialist principles was enacted by the Dergue regime, which claimed to be a leading role of the interests of the working class. Unions were formed on the basis of the particular industry to which workers belonged, e.g., manufacturing, construction etc.

All Ethiopia Trade Union (AETU) was formed in 1976 by a congress constituted by representatives of territorial and industrial unions. This resulted in making trade unions extensions of government institutions. Unions were increasingly involved in paving the way for enforcement of government rules and regulations without having any independent stand of their own. AETU was supplanted by the Confederation of Ethiopian Trade unions (CETU) which was organized according to the latest labor law, Proclamation No.42/93.

The history of trade unionism in Ethiopia has always been about unionism in private and state owned establishments. Public servants have never acquired legislative rights to organize and

bargain. Historically, the public service took the lead in providing privileges, rights and amenities to its workforce. Position classification, standardization of wages and pension rights preceded comparative advantages in the private sector. Selection for job openings and advancements were based on merit under the civil service laws since 1963 and workers in establishments governed by these laws also gained protection against unfair discharge. Thus, there was no urgency or urgent need for being organized. Moreover, government's attitude towards unionization of public servants has never been favorable. But in due course of time compensation and other conditions of work of public servants lagged behind those of private sector and state enterprise employees. Hence, dissatisfaction in the status quo was expected to arouse desire among public servants to be unionized as unions are regarded as a means of improving working conditions, assuring opportunities for participation in decision-making, policy formulation and management issues (Bersoufekad, 2003).

Currently in developing countries like Ethiopia, labor unions are important partners in employment relations with essential functions of empowering employees to have the power of making decisions about their working life and helping them to distribute the results of socio-economic development equitably.

2.1.2 General Functions of Labor Unions

According to Ethiopian labor proclamation No 377/2003 article 125, Trade union shall have the right to bargain a collective agreement with one or more employers or their organization in matters provided for matters concerning employment relationship and conditions of work as well as relations of employers and their organizations with workers organizations.

Trade unions speak on behalf of their members, provide information and advice about work-related problems, bargain with employers to get better pay for members and campaign on particular issues, for example low pay, discrimination and bullying.

Unions bargain with employers over various aspects of the employment contract, including pay and employee benefits; conditions of work; policies regarding hiring, overtime, job assignment,

promotion, and lay off; and the means by which grievances between workers and management are to be resolved (Ehrenberg & Smith, 2009).

During the last few years Trade unions increased the range of services they offer their members beyond representation and negotiation and tend to focus more to provide training courses for their members on employment rights, health and safety and other issues. As well as offering legal advice on employment issues, one of the earliest functions of trade unions was to look after members who hit hard times. Some of the older unions offer financial help to their members when they are sick or unemployed.

Labor unions in different organizations perform a number of functions to maintain their members' interests. These functions can be grouped in the following categories:

1. Militant/ Fighting Functions

As their name implies that labor unions who are functioning as militant are called fighting unions to secure their interests. These functions of labor unions focus on the issues of employment conditions such as adequate wages, better conditions of work and the like. Labor unions affect organizational productivity either positively or negatively. They affect productivity positively if they lead to increase employee productivity by successfully negotiating for better working conditions and remuneration packages (Deery& Iverson, 2005). The labor unions try to secure these interests through bargaining and negotiation. If the labor unions believe that there are unfair labor treatments by their employers, they may conduct strike, boycott etc. Their main functions are to secure higher wages and better working conditions; to raise the status of workers as a part of industry; and protect labors against victimization and injustice.

Hence, these functions of the trade unions are known as militant or fighting. Thus, the militant functions of trade of trade unions can be summed up as: To achieve higher wages and better working conditions, to raise the status of workers as a part of industry and to protect labors against victimization and injustice.

2. Social Functions

Besides the main economic functions consisting basically of organizing unions and improving their terms and conditions of employment to enable workers to meet their physical needs, some unions have now started undertaking and organizing welfare activities and also providing variety of services to their members and sometimes to the community of which they are a part (Deery & Iverson, 2005). Unions negotiate wages & benefits for their members and seek to provide them job security, social affiliation, training & development, and the opportunity to exert political influence. And, these are the most important roles of unions (Anthony, Kacmar & Perrewe, 2010).

3. Fraternal/ Mutual-Help Functions

Labor unions play a greater role in maintaining peace in the industry. Fraternal functions of unions within the organization focuses on helping members to improve their efficiency. These can be achieved by improving workers' morale; building self confidence among workers; encouraging sincerity and discipline among workers; providing opportunities for promotion and growth; and protecting women workers against discrimination.. The labor unions try to create awareness among their members by offering legal advice or assistance as necessary as possible (Deery& Iverson, 2005). Thus, the fraternal functions of trade unions can be summed up as, to take up welfare measures for improving the morale of workers, to generate self confidence among workers, to encourage sincerity and discipline among workers to provide opportunities for promotion and growth, and to protect women workers against discrimination. Thus, trade unions negotiate for wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies (Deakin & Morris, 2012).

4. Political Functions

The availability of labor union in an organization may help members to exercise democracy in their workplace. Moreover, labor unions may play a greater role in the politics of the nation. Literature shows that labor unions in some countries have formed their own political party to seize political power of their country as a government (Harrison, 2001). These functions include affiliating the union with a political party, helping the political party in enrolling members, collecting donations, seeking the help of political parties during the periods of strikes and lockouts.

2.1.3 Objectives of Labor Unions

According to Stivastava (2007), in general trade union has two main objectives: regulate the relations between employers, among Employees or between Employers and workmen and impose restrictive conditions on the conduction of any trade or business. According to Decenzo & Robbins (1988), union protection and promotion basically revolve around four specific goals, first as it is traditionally viewed unions bargain for their members in the areas of wage, working hours, working conditions; the result determines the amount of pay, the hours of employment amount of work. The second goal is to influence the administration of rules, a union not only is a representation of worker but also provide rules that define channels in which complains and concerns of workers can be registered. Thirdly unions have a goal to ensure employment security and finally to obtain political power in the state and over the economy.

Therefore, Trade unions are formed mainly to represent individual workers when they have a problem at work and to help sorting out the difficulty with the manager or employer. Following the representation come Negotiation where union representatives, discuss with management, the issues which affect people working in an organization.

2.1.4 General Roles of Labor Union

A trade union's role is to improve the employment conditions of its members and to protect their rights. It takes account of its members' wishes and insures them against problems at work (Dundon & Rollinson, 2011)

Union membership provides a number of advantages to workers. Unions negotiate wages & benefits for their members and seek to provide them job security, social affiliation, training & development, and the opportunity to exert political influence. And, these are the most important roles of unions (Anthony, Kacmar & Perrewe, 2010).

To maintain the interests of members, labor unions must be strong in bargaining and negotiating with management or employers. On the other hand, the roles of labor unions go beyond collective bargaining. Generally, it is possible to categorize the various functions trade unions in to:

1. Political Role

To play political role, labor unions focus on to influence the political decisions of a nation in relation to labor. Strong political participation or political role of labor unions can help them influence the government in passing labor related legislations. On the other hand politically affiliated union leaders may affect the interests of their members, when contesting issues are raised nationally. For instance, the wage and salary determination which is dependent on economic conditions of a nation may need political decisions that may affect the financial conditions of union members. Therefore, political role if not properly managed by union leaders may create conflict of interest (Harrison, 2001).

2. Market Role

Labor unions can play a pivotal role in labor market through wages and salaries negotiated with employers. Especially, if there are many wage earners in the country, the role of labor unions in regulating labor market will be very influential. Therefore, labor unions have an influential in determining the labor market of a country. The labor union participates in the determination of wages and salaries to maintain the interests of members within their limit. However, if they have

more bargaining power, they will benefit their members more and play their role as expected (Monappa, 2000). But, according to Calmfors, Driffill, Honkapohja and Giavazzi (1988), unions operating at the individual firm or plant level have very limited market power.

3. Regulatory Role

The regulatory roles of unions are focusing on how to improve and manage the issues of employment conditions. In this case, labor unions negotiate or bargain with management to share power and produce procedures in the issues of grievance handling, job evaluation, safety & health etc. Such a role is an important role so as to maintain a secured and safe working environment for workers. The employment conditions that need to be improved must be identified with objective assessment and the labor union must allow members to involve in the assessment as the representatives may not have full information and knowledge about, for instance, in jobs that need to be evaluated (Kaufman, 2000).

4. Democratizing Role

Labor unions are associations of employees who are exercising democracy while they are selecting their leaders and representatives in workplace. These and the collective bargaining activities allow employees to participate and exercise democracy. Therefore, it is possible to say that labor unions are important institutions in which participatory democracy is practiced. Labor union participation in collective bargaining process is helpful to practice and make it a habit of democracy which may in turn helps to maintain peace in the organization (Gollan and Patmore, 2002). Industrial Democracy is based upon the belief that workers are the citizens of the corporation, and democratic processes require their representation and participation primarily through independent worker representatives (Webb and Webb, 1898; Kaufman, 2000) .

5. Service Role

Beyond collective bargaining, labor unions attempt to develop services which can create wealth to their members such as transport services, banks and the like. Members can benefit from these services in different manners. The labor union can provide interest free credits and other credit facilities, the purchase of goods and other materials affordable to members. Moreover, the services that will be offered to the members may be with fair price as they have shares (Hodgetts & Hegar, 2005).

6. Enhancement Role

Labor unions play an important role to enhance their members' career development opportunities. This can be realized through basic training opportunities delivered for members. The role of labor union in members' enhancement can be determined by their participation and involvement in employee training and development packages. The more the participation of the labor union in the training and development packages, the more the benefit they will get in developing their members so as to cultivate career development (Fossum, 2006). Unions make efforts to launch educational programs for workers to enhance their knowledge of the work environment and to inform them about issues concerning them, particularly those regarding their rights and responsibilities and regarding procedures and systems that exist in the workplace for redressing grievances. And, many large unions publish a newsletter or a magazine, with the main aim of clarifying their policy or stance on certain principal issues, as well as to pass on information about their activities (Monappa, 2000).

7. Welfare Role

Labor unions may sometimes participate in welfare services to their members and other communities. These roles are helpful to providing services that are beyond the collective agreements like hiring disabilities from the community (Sobczak, 2007). Many unions are engaged in a number of welfare activities, such as providing housing and organizing cooperative societies to improve the quality of workers' lives (Monappa, 2000).

2.1.5. Reasons for Joining Labor Unions

According to Robert & John (2010) whether a union targets a group of employees or the employees request union assistance, the union must win support from the employees to become their legal representative. Over the years employees have joined unions for two general reasons: (1) They are dissatisfied with how they are treated by their employers, and (2) They believe that unions can improve their work situations.

In addition, Carrell & Heavrin(2013), stated that Labor research has not provided an exact answer to this question, but it has provided a list of issues that are influential to workers' decisions for instance job security, wages and benefits, working conditions, fair and just supervision, need to belong, collective voice.

Decenzo & Robbins (1988) stated that when there is dissatisfaction of workers with their economic and working conditions and perceive that they lack the influence to change these conditions they are more motivated to join a union in order to get the benefits that can be achieved through more aggressive and militant collective behavior. According to DeCenzo & Robbins (2010) employees join unions for higher wages and benefits, greater job security, to influence work rules and because of compulsory membership, dissatisfaction with management.

Based on Ivancevich (2008), many employees of private and public firm have joined unions regardless of the sector of the economy in which these individuals are employed but their philosophy remains the same: strength can be found in joining together. According to Dessler (2014), Experts have spent much time and money trying to discover why workers unionize, and they have proposed many theories. Yet there is no simple answer to the question, partly because each worker probably joins for his or her own reasons. However, workers do not organize just to get more pay or better working conditions, though these are important factors. They realize that if they bargained as a group they would have a more bargaining power over the employers and the employers find it advantageous to deal with a group or representatives of a group rather than dealing with each individual over a length of time (Monappa, 2004).

Thus, it can be generalized by saying that unions have two sets of aims, one for union security and one for improved wages, hours, working conditions and benefits for their members.

2.1.6. Importance of Labor Unions

Labor unions represent members at work and have a wider role in protecting their interests. Moreover, labor unions play important roles in education, workplace safety and other employment conditions (Cote, 2013). To maintain industrial peace in an organization or in a country as a whole, the existence of labor unions is vital. This can be maintained through collective bargaining and negotiations between employer and unions. In this case, labor unions play a significant role in creating conducive working relationship between employees and management by providing advice and support so that conflicts can be managed easily (Puttapalli & Vuram, 2012). Unions also stress the importance of continual improvements in living standards for their members, best attainable through increase in their pay (Fossum, 2006). And also trade unions are instruments of industrial democracy and cooperation. Workers coming from different backgrounds may become disorganized, unsatisfied and frustrated. Unions help them in such a way that they can adjust themselves to the new working conditions, the new rules and policies (Bacon & Blyton 2006).

Thus, Trade unions help in accelerated pace of economic development by inculcating discipline among the workforce, enabling settlement of industrial disputes in a rational manner, by helping social adjustments.

2.2 Concept of Employment relations /Industrial relations

Harrison (2001) views industrial relations as an interaction between employers and the workforce in which collective behavior is channeled through the working of trade unions. Therefore, industrial relation requires employers and trade unions to work collectively with each other through collective bargaining procedural, norms, consultation and consideration. Employers usually would rather not have to deal with unions because doing so constrains what managers can and cannot do in a number of areas. Generally, union workers receive higher wages and benefits than do nonunion workers. In turn, unions sometimes can be associated with higher productivity, although management must find labor-saving ways of doing work to offset the higher labor costs. Some employers pursue a strategy of good relations with unions, while others choose an aggressive, adversarial approach. (Robert & John, 2010)

According to Armstrong (2008), employee relations is; defining the intentions of the organization about what needs to be done and what needs to be changed in the ways in which the organization manages its relationships with employees and their trade unions. So, harmonious relationship is necessary for both the employers and employees to safeguard the interests of both parties. Wage levels, benefits and working conditions for millions of employees now reflect decisions made jointly by unions and management.

Employee relations is concerned with how to build stable and cooperative relationships with employees that minimize conflict, achieve commitment through employee involvement and communications processes, develop mutuality – a common interest in achieving the organization’s goals through the development of organizational cultures based on shared values between management and employees (Armstrong, 2008).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 (Tyson, 2006).

2.2.1 Actors in the Employment/Industrial Relation System

The idea of a 'system' is used in this context in an abstract manner. The notion is helpful when analyzing and describing an interrelated set of activities. 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 (Tyson, 2006).

Industrial relations can be regarded as a system or web of rules regulating employment and the ways in which people behave at work. The systems theory of industrial relations, as propounded by Dunlop (1958) , states that the role of the system is to produce the regulations and procedural rules that govern how much is distributed in the bargaining process and how the parties involved, or the actors in the industrial relations scene, relate to one another (Armstrong,2010).

The Dunlop's model gives great significance to external or environmental forces. In other words, management, labor, and the government possess a shared ideology that defines their roles within the relationship and provides stability to the system.

2.2.2 Perspectives and Approaches of Industrial Relations

According to Salamon (2001), management may consider one of the following approaches in the field of employment relationship according to the nature of work organization.

- Unitarism
- Pluralism
- Radical/Marxist

These lead to differing industrial relations practices and policies. The nature of industrial relations is determined to a large extent on how we approach and analyze specific issues and situations within industrial relations (Salamon, 2001).

1. The Unitary Approach

In unitary approach, the organization is perceived as an integrated and harmonious system, viewed as one happy family. A core assumption of unitary approach is that management and staff, and all members of the organization share the same objectives, interests and purposes; thus working together, hand-in-hand, towards the shared mutual goals. Furthermore, unitary has a paternalistic approach where it demands loyalty of all employees.

Workplace conflict is seen as a temporary aberration, resulting from poor management, employees who do not fit with the organisation's culture or trade union activity. Trade unions are regarded as competitors for the employee's commitment and cooperation. The underlying assumption is that it is to the benefit of all to focus on common interests and promote harmony. Conflict in the form of strikes, therefore, is regarded as not only unnecessary, but destructive. Advocates of the unitary approach seek a radical overhaul of the industrial relations system. Emphasis is given on direct negotiations with employees.

2. The Pluralist Approach

In pluralism the organization is perceived as being made up of powerful and divergent sub- groups - management and trade unions. This approach sees conflicts of interest and disagreements between managers and workers over the distribution of profits as normal and inescapable.

In contrast to the unitary approach, the pluralist approach sees organisations as coalitions of competing interests, where management's role is to mediate among the different interest groups , sees trade unions as legitimate representatives of employee interests and sees stability in workplace relations as the product of concessions and compromises between management and unions. Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination. Trade unions are deemed as legitimate representatives of employees. Conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing and if managed could in fact be channeled towards evolution and positive change. Realistic managers should accept conflict to occur. There is a greater propensity for conflict rather than harmony. They should anticipate and resolve this by securing agreed procedures for settling disputes.

3. The Marxist Approach

Marxists, like the pluralists, regard conflict between management and employees as inevitable. However, where pluralists see conflict inherent in all organisations, Marxists see it as a product of a capitalist society. Adversarial relations in the workplace are simply one aspect of class conflict. The Marxist approach thus focuses on the type of society in which an organisation exists. For the Marxist, therefore, all strikes are political.

In addition, this perspective focuses on the fundamental division of interest between capital and labor, and sees workplace relations against this background. It is concerned with the structure and nature of society and assumes that the conflict in employment relationship is reflective of the

structure of the society. Conflict is therefore seen as inevitable and trade unions are a natural response of workers to their exploitation by capital.

2.2.3 Good Employment Relations

A good Employment 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 conflictual 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 itself may again be described as being concerned with the rules, processes and mechanisms (and the results emanating there from) through which the relationship between employers and employees and their respective representatives, as well as between them on the one hand and the State and its agencies on the other, is regulated (Silva,1995).

A good relation at the enterprise level builds trust and confidence between workers and management, which is the point at which the system must ultimately be effective (Mahapatro, 2010). The fundamental premise of a good industrial relations system is the recognition and existence of the freedom of association accorded to both employer and worker. The qualities of industrial relation at the enterprise level is also influenced by policies, practices and procedures which exist at the enterprise level to deal with both the individual and collective issues, to promote labor- management corporation.(Silva,1995)

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 (Silva, 1995). And, Fiorito (2001) expressed that better industrial relation were as the solution to labor problems.

2.2.4. Benefit of Good Employment Relations

A sound relation at the enterprise level builds trust and confidence between workers and management, which is the point at which the system must ultimately be effective (Mahapatro, 2010). Nowadays, successful organizations are increasingly those that have a constructive relationship with employees and a management approach that enables them to develop and draw on the full potential of their people (Mello, 2006). Good industrial relations between employers and employees can lead to a stable economy and prevent settlements that are detrimental to the functioning of the economy (Toke&Zafiris, 2002).

To mention, sound Employment relations helps to:

1. Foster Industrial Peace

According to Carrell & Heavrin(2013), good and stable industrial peace can most satisfactorily be secured by the settlement of issues between employers and employees through the processes of conference and collective bargaining between employers and the representatives of their employees. Under the mechanism of industrial relation, both employees and managers discuss the matter and consult each other before initiating any actions. Doubts, if any, in the minds of either party are removed. Thus, unilateral actions that prop confusion and misunderstanding disappear from the scene. In this way, IR helps create a peaceful environment in the organization. Peace, in turn, breeds prosperity. This greatly contributes to industrial peace because those who are appointed are able to negotiate peacefully for the needs of the workers and they also understand frequent confrontations will neither benefit the management nor the union.

2. Promote Industrial Democracy

Employee empowerment is reflected in employee involvement and participation programs, which include quality circles, quality of work life efforts, labor management participation teams and autonomous work units. (Holley et al., 2008).Industrial democracy means the government mandated

worker participation at various levels of the organization with regard to decisions that affect workers. It is mainly the joint consultations that pave the way for industrial democracy and cement relationship between workers and management. This benefits the both. The motivated workers give their best and maximum to the organization, on the one hand, and share their share of the fruits of organizational progress jointly with management, on the other.

3. Benefit Workers

Industrial relations benefits workers in several ways. For example, it protects workers against unethical practices on the part of management to exploit workers by putting them under inhuman working conditions and niggardly wages. It also provides a procedure to resolve workers' grievances relating to work.

4. Benefit Management

Cote (2013), argued that once trade unions force organizations to increase wages, company management must respond by making sure that they get maximum output from labor, if they have to reduce labor costs. This means that organizations will endeavor to reap maximum output from each individual employee for every additional unit of wages and salaries. These efforts address such issues as product quality, work unit performance, new technology, safety & health and supervision. Here, union leaders and members accept responsibility for success of the organization and unions demonstrate their members and create wealth for all of the organizations stake holders (Holley, et al., 2008). Thus, good employment relation protects the rights of managers too.

5. Improve Productivity

Labor unions affect organizational productivity either positively or negatively. They affect productivity positively if they lead to increase employee productivity by successfully negotiating for better working conditions and remuneration packages (Deery& Iverson, 2005). According to Deery & Iverson (2005) argue that trade unions can also have a negative effect on the

organizational productivity by causing employees to stop working or to engage in sabotage, in cases where peaceful negotiations fail. Here, Employees attitudes can be affected negatively and demotivated workers cannot work effectively and this reduces organizational productivity (Thompson, 2011). Thus, good industrial relations serve as the key for increased productivity.

2.2.5 Role of Labor Unions in Human Resource Management Policies and Practices

Cooperation between management and workers or unions facilitates not only a settlement of disputes or disagreements but also the avoidance of disputes which may otherwise arise (Silva, 1995). Employment relation is an integral part of the management of any business (Tyson, 2006). To work effectively with unions already representing employees, both HR professionals and operating managers must be attentive and responsive to employees (Robert & John, 2010).

For many managers, HRM practices in a unionized organization consist chiefly of following procedures and policies laid out in the labor contract. This labor contract, agreed to by both management and the labor union, stipulates, in part, the wage rate, hours of work, and terms and conditions of employment for those covered by the negotiated agreement. Decisions about how to select and compensate employees, employee benefits offered, procedures for overtime and so forth are no longer unilateral prerogatives of management for jobs that fall under the unions' jurisdiction. Such decisions are generally made when the labor contract is negotiated (Decenzo & Robbins, 2010)

2.3 Concept of Collective bargaining

Collective bargaining is the process by which management and union representatives negotiate employment conditions for a particular bargaining unit (Gilley, Gilley, Quatro & Dixon, 2009). Collective bargaining typically refers to the negotiation, administration, and interpretation of a written agreement between two parties that covers a specific period of time. This agreement, or contract, lays out in specific terms the conditions of employment—that is, what is expected of employees and any limits to management's authority. (DeCenzo & Robbins, 2010)

A number of issues can be addressed during collective bargaining. Although not often listed as such in the contract, management rights and union security are two important issues subject to collective bargaining. (Robert & John, 2010)

Bargaining, at a basic level, is the communication by two parties of the terms they require to consummate a transaction and the subsequent acceptance or rejection of the terms of the ultimate settlement. Bargaining is required because the parties have a conflict of interest on issues that jointly affect them. They must decide how to divide resources and other intangible issues in which they have joint interests (Fossum, 2006).

In the Ethiopian context, collective bargaining is clearly put in labor proclamation number 377/2003, article 124(2) which defines a collective bargaining as it is a negotiation made between employers and workers organizations or their representatives concerning conditions of work or collective agreement or the renewal and modification of the collective agreement.

As clearly put in the proclamation, labor unions in Ethiopia have the right to bargain and negotiate with management for the betterment of their members. Therefore, to utilize these opportunities in an organized manner, unions must be strong in their bargaining power. To be strong in bargaining and negotiation, unions must let members to involve and have adequate information pertaining to the issues to be negotiated or bargained.

2.3.1 Issues in Collective Bargaining

The objective of collective bargaining is to agree on a contract acceptable to management, union representatives and the union membership (DeCenzo & Robbins 2010). According to Robert and John (2010), collective bargaining issues include management rights, which are reserved so that the employer can manage, direct, and control its business and Union security, which are contract clauses to help the union obtain and retain members. More specifically, trade unions negotiate for wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies (Deakin & Morris, 2012).

As Robert and John (2010) categorized bargaining issues as mandatory, permissive, and illegal.

1. Mandatory Issues

These are issues identified specifically by labor laws or court decisions as subject to bargaining are mandatory issues. If either party demands that issues in this category be subject to bargaining, then that must occur. Generally, mandatory issues relate to wages, benefits, nature of jobs, and other work related subjects. Mandatory subjects for bargaining includes; discharge of employees, grievances, work schedules, union security and dues check off, retirement and pension coverage vacations and time off, rest and lunch break rules, safety rules, profit-sharing plans, required physical exam.

2. Permissive Issues

These are issues that are not mandatory and that relate to certain jobs are permissive issues. For example, the following issues can be bargained over if both parties agree: benefits for retired employees, product prices for employees, and performance bonds.

3. Illegal Issues

A final category, illegal issues, includes those issues that would require either party to take illegal action. Examples would be giving preference to union members when hiring employees or demanding a closed-shop provision in the contract. If one side wants to bargain over an illegal issue, the other side can refuse.

2.3.2. Collective Bargaining Process

Employees organize into unions to increase their bargaining power. Through collective bargaining, employees believe that they can obtain outcomes that are unavailable to them as individuals (Ann et al., 2009). Management's representation in collective-bargaining talks tends to depend on the size of the organization. In a small firm, for instance, bargaining is probably done by the president. Few small firms have a specialist who deals only with HRM issues; the president of the company often handles this task. Larger organizations usually have an HRM department with full-time industrial relations experts. In such cases, we can expect management to be represented by the senior manager for industrial relations, corporate executives, and company lawyers—with support provided by legal and economic specialists in wage and salary administration, labor law, benefits, and so forth. On the union side, we typically expect to see a bargaining team composed of an officer of the local union, local shop stewards, and some representation from the international/ national union. (DeCenzo & Robbins, 2010)

So that collective bargaining can be effective, the negotiators must have good negotiating skills. Negotiating skills must form part of the training offered to managers. Training should not be confined to the managers and supervisors alone, union leaders and employees must also be associated with the programme, as they are much a party to a conflict as supervisors (Aswathappa, 2005). The collective bargaining process involved in negotiating a contract consists of a number of stages: preparation and initial demands, negotiations, settlement or impasse, and strikes and lockouts. Throughout the process, management and labor deal with the terms of their relationship. (Robert & John, 2010)

According to DeCenzo & Robbins(2010) collective bargaining process includes preparing to negotiate, actual negotiations, and administering the contract after it has been ratified.

1. Preparing to Negotiate

Once a union has been certified as the bargaining unit, both union and management begin the ongoing activity of preparing for negotiations. Information is acquired from both internal and external sources. Internal data include grievance and accident records; employee performance reports; overtime figures; and reports on transfers, turnover, and absenteeism. External information should include statistics on the current economy, both at local and national levels; economic forecasts for the short and intermediate terms; copies of recently negotiated contracts by the union to determine what issues the union considers important; data on the communities in which the company operates—cost of living, changes in cost of living, terms of recently negotiated labor contracts, and statistics on the labor market—and industry labor statistics to see what terms other organizations, employing similar types of personnel, are negotiating.

2. Negotiating at the bargaining table

Negotiation customarily begins with the union delivering to management a list of demands. Each party tries to assess the relative priorities of the other's demands, and each begins to combine proposals into viable packages. Next comes, the attempt to make management's highest offer approximate the lowest demands that the union is willing to accept. Hence, negotiation is a form of compromise. An oral agreement is eventually converted into a written contract, and negotiation concludes with the union representatives submitting the contract for ratification or approval from rank-and-file members.

3. Contract administration

After reaching an initial agreement, the bargaining parties usually return to their respective constituencies to determine if the informal agreement is acceptable. A particularly crucial stage is ratification of the labor agreement, which occurs when union members vote to accept the terms of a negotiated labor agreement. Before ratification, the union negotiating team explains the agreement

to the union members and presents it for a vote. If the members approve the agreement, it is then formalized into a contract (Robert & John, 2010).

4. Bargaining Impasse and Impasse-Resolution Techniques

Regardless of the structure of the bargaining process, labor and management do not always reach agreement on the issues. If they reach an impasse, then the disputes can be taken to conciliation, mediation, or arbitration (Robert & John, 2010). And according to DeCenzo and Robbins(2010) Fact-finding is stated as one of impasse resolution techniques as an addition.

4.1 Conciliation and Mediation

Both are techniques whereby a neutral third party attempts to help labor and management resolve their differences. In conciliation, the third party assists such as the Federal Mediation and Conciliation Service union and management negotiators to reach a voluntary settlement, but makes no proposals for solutions. In mediation, the third party may suggest ideas for solutions to help the negotiators reach a settlement. In conciliation and mediation, the third party does not attempt to impose a solution. Sometimes fact finding helps to clarify the issues of disagreement as an intermediate step between mediation and arbitration. (Robert & John, 2010)

4.2 Arbitration

Arbitration can be conducted by an individual or a panel of individuals. **“Interest” arbitration** attempts to solve bargaining impasses, primarily in the public sector. This type of arbitration is not frequently used in the private sector because companies generally do not want an outside party making decisions about their rights, wages, benefits, and other issues (Robert & John 2010). Under interest arbitration, generally a panel of three individuals—one neutral and one each from the union and management—hears testimony from both sides. After the hearing, the panel renders a decision on how to settle the current contract negotiation dispute. If all three members of the panel are

unanimous in their decision, that decision is binding on both parties (DeCenzo & Robbins, 2010). And according to Carrell & Heavrin (2013), it resolves conflicts of interest over the establishment of the terms and conditions of employment that are negotiated through collective bargaining and formalized in union contracts. A breakdown in these collective bargaining negotiations can result in a strike. Interest arbitration avoids or ends strikes (Carrell & Heavrin, 2013).

Rights arbitration, or **grievance arbitration**, deals with the allegation that an existing collective agreement has been violated or misinterpreted. Most collective bargaining agreements set out a procedure for the handling of disputes and differences. The idea is that parties should be obliged to meet at different steps in their own specific grievance procedure to review and discuss the grievance. However, often the parties cannot resolve disputes and need to use arbitration. A common example involves the discipline and discharge of employees (Michael & Christina, 2012). However, grievance or “rights” arbitration is used extensively in the private sector. Fortunately, in many situations, agreements are reached through negotiations without the need for arbitration. (Robert & John, 2010)

4.3 Fact-finding

Fact finding is a technique whereby a neutral third party conducts a hearing to gather evidence from both labor and management. The fact-finder then renders a decision as to how he or she views an appropriate settlement. Similar to mediation, the fact-finder’s recommendations are suggestions only—they, too, are not binding on either party (DeCenzo & Robbins, 2010).

5. Strikes vs. Lockouts

Negotiations have only two possible preliminary outcomes. First, and obviously preferable, is agreement. The other, lacking any viable solution to the parties’ differences, is a strike or a lockout (DeCenzo & Robbins, 2010). A strike is not the only type of sanction that workers can apply. It is, however, one of the most effective. Withdrawal of labor puts pressure on an employer immediately, and although there are costs to employees in the form of loss of pay, the employer

faces an immediate need to negotiate so that a return to work and a resumption of business can take place (Tyson, 2006).

During a strike, union members refuse to work in order to put pressure on an employer. Often, the striking union members picket or demonstrate against the employer outside the place of business by carrying placards and signs (Robert & John, 2010).

According to Robert and John (2010) there are five types of strikes that can occur:

- **Economic strikes** happen when the parties fail to reach agreement during collective bargaining. An economic strike occurs when the two parties fail to reach a satisfactory agreement before the contract expires. When that deadline passes, the union leadership will typically instruct its members not to work, to leave their jobs (Decenzo & Robbins, 2010).
- **Unfair labor practices strikes** occur when union members leave their jobs over what they feel are illegal employer actions, such as refusal to bargain.
- **Wildcat strikes** occur during the life of the collective bargaining agreement without approval of union leadership and violate a no-strike clause in a labor contract. Strikers can be discharged or disciplined.
- **Jurisdictional strikes** exist when members of one union walk out to force the employer to assign work to them instead of to members of another union.
- **Sympathy strikes** take place when one union chooses to express support for another union involved in a dispute, even though the first union has no disagreement with the employer.

The '**lockout**' by an employer is not so frequent nowadays, this being where the employer refuses to allow a group of employees to return to work unless they accept management's terms (Tyson,2006). In a **lockout**, management shuts down company operations to prevent union members from working. This action may avert possible damage or sabotage to company facilities or injury to employees who continue to work. It also gives management leverage in negotiations. (Robert & John, 2010)

2.3.3 Procedures of Collective Bargaining /According To Ethiopian Labor Proclamation 377/2003/

- 1/ a party wishing to conclude a collective bargaining may request the other party in writing. It shall also prepare and submit draft necessary for the negotiation.
- 2/ the requested party shall within ten days of receiving the request, appear for collective bargaining.
- 3/ the parties shall before commencing collective bargaining draw up the rules of procedure.
- 4/ each party shall have the duty to bargain in good faith.
- 5/ Issues on which the parties could not reach agreement by negotiations in good faith shall be submitted to the competent labor disputes settlement tribunal.
- 6/ Parties to a collective agreement that is enforced shall decide to amend or replace their collective agreement within 3 months before the validity date expires. Each party, after having decided to amend or replace the collective agreement, shall finalize it within 3 month as of the date of its expiry. If the negotiation is not finalized with the said period of time the collective agreement whose validity date is expired shall cease to be effective.

2.3.4 Importance of Collective Bargaining

Historically, union representation and collective bargaining remained the keys to the growth of a stable working population in developed economies; it is also able to improve working conditions and help workers to gain job security (Ghosh & Geetika, 2007). Collective bargaining has the advantage that it settles issues through dialogue and consensus rather than through conflict and confrontation. It differs from arbitration because the latter represents a solution based on a decision of a third party, while arrangements resulting from collective bargaining usually represent the choices or compromises of the parties' themselves (Silva,1995). According to Stivastava (2007) collectively bargaining could have positive as well as negative impacts however the advantages include the presence of a system based on bipartite agreement, the fact it is a quick and efficient method of settlement industrial dispute and the fact that it avoids delay and unnecessary litigation.

On the other hand the disadvantage lack of representation of the public interest at the bargaining table and there are situations in which a serious strike on a prolonged strike simply can't be tolerated. In fact collective bargaining is, essentially, a recognized way of creating a system of industrial jurisprudence. It acts as a method of introducing civil rights in the industry, that is, the management should be conducted by rules rather than arbitrary decision making. It establishes rules which define and restrict the traditional authority exercised by the management.

2.4 Concept of Collective Agreement

Collective bargaining agreements usually spell out compensation, work rules, and the conditions of employment for several years. In other countries, the agreements are made with the government and employers, sometimes for only one year because of political and social issues. (Robert & John, 2010). According to Fossum (2006), collective agreement is a product of collective bargaining in which labor and management representatives join together and ratify a contract in writing. And when the negotiators agree on a new contract, the union team still has responsibilities to fulfill before the final agreement is signed. In the labor proclamation number 377/2003 article 124 (1), collective agreement means an agreement concluded in writing between one or more representative of trade unions and one or more employers or agents or representatives of employers or organizations.

Article 129 of the proclamation states the following six issues as a content of collective agreement.

- (1) Matters left by the provisions of this proclamation or other laws to be regulated by collective agreement;
- (2) The conditions for protection of occupational safety and health and the manner of improving social services;
- (3) Workers' participation, particularly, in matters regarding promotion, wages, transfer, reduction and discipline;
- (4) Conditions of work, the procedure for making work rules and grievance procedures; (5) arrangement of working hours and interval break times;

(6) Parties covered by the collective agreement and its duration of validity;

Article 131 and 132 of the proclamation states that the parties shall send sufficient copies of the same to the Ministry for registration, and a collective agreement which has already been signed and registered may be acceded to by others respectively.

2. 4.1 Conditions of Validity of Collective Agreement

Such collective agreements, however, are only legally binding on the employers who are a part of the association negotiating the agreement and the actual members of the trade union, although employers generally apply the contract to all workers (Carrell & Heavrin, 2013).

The Ethiopian Labor proclamation states that the duration of validity of collective agreement can have the following provisions: any provision of a collective agreement which provides for conditions of work and benefits which are less favorable than those provided for under this proclamation or other laws shall be null and void; unless otherwise decided here in, a collective agreement shall have a legal effect as from the date of signature; and unless expressly stipulated otherwise in a collective agreement, no party may challenge the collective agreement before 3 years from the date of its validity, provided, however, that;

a) Upon the occurrence of a major economic change, a challenge to the collective agreement may be submitted to the Minister by either party before the expiry of the fixed time.

b) The minister shall, upon receipt of a challenge to a collective agreement in accordance with this sub-article 3(a), assign advisor with a view to enabling the two parties settle the matter by agreement. If the two parties fail to settle the matter by agreement, Article 142 of this proclamation shall apply.

c) The parties may at any time change or modify their collective agreement, provided, however, that without prejudice to the special conditions set forth in sub-article 3(a) and (b) of this article, a party may not be obliged without this consent to bargain a collective agreement to change or modify it before the said time limit expires.

In the case of EIC, Collective agreements are signed every three years after both parties made negotiation and reached consensus. The agreement will come to force after approved by Ministry of Labor and Social Affairs.

2.4.2 Scope of Application of Collective Agreement

In order to be of a readable length, collective agreements must be written in generalized language that is capable of capturing the myriad relationships between management and labor (Carrell & Heavrin, 2013). The scope of the application of collectively agreed issues is clearly stated in the proclamation that the provision of a collective agreement shall be applicable to all parties covered by it. Moreover, it is stated that where the collective agreement is more favorable to the workers in similar matters than those provided for by law, the collective agreement shall prevail. However, where the law is more favorable to the workers than the collective agreement, the law shall be applicable.

There are also exceptions defined in the proclamation where a labor union which is a party to a collective agreement is dissolved; the collective agreement shall continue to be valid between the employer and the workers. In the case of amalgamation of two or more undertakings, unless decided otherwise by the concerned parties: where undertakings which have their own collective agreement are dissolved the collective agreement concluded by more workers before the dissolution shall be deemed as concluded by the others and shall be applicable. Where the numbers of workers of all of the undertakings are equal and they have their own collective agreements, the one more favorable in general, shall be applicable.

2.5 Concept of Industrial Democracy

The growth of democratic ideas and political liberalization in France, as well as Germany, Sweden, Italy, the Austro-Hungarian Empire, and Russia through the nineteenth century, coupled with the development of a middle class through industrialization, led to a demand for industrial democracy. Workers, who were questioning the continuation of the “divine right of kings” in the political arena,

began to question the autocracy and denial of basic human rights in the mills and factories (Carrell & Heavrin, 2013).

The notion of Industrial Democracy (Webb & Webb, 1898) underpins much of the industrial relations approach to transnational labor governance. Its core principle is the need for the democratic participation of worker representatives in the governance of labor conditions (Kaufman, 2000). Kaufman (2000) highlights four key components underscoring the Industrial Democracy approach: democratic methods for worker participation in decision making; those within the organization can hold those in authority to account; due process to be followed in disputes; and a balance in power between the employer and workers through collective organization. Thus, the involvement of unions representing the interests of workers in developing labor regulation is seen as crucial (Egels-Zanden, 2009)

As Boxall, Purcell & Wright (2007) stated, labor unrest, strikes, and union organizing greatly mounted—factors that, with the Bolshevik Revolution in Russia in 1917, caused widespread concern that the ‘Labor Problem’ was on the verge of boiling over into revolution in other countries. Out of this fear was born, in turn, a new movement for industrial democracy.

Industrial Democracy is based upon the belief that workers are the citizens of the corporation, and democratic processes require their representation and participation primarily through independent worker representatives (Webb & Webb, 1898; Kaufman, 2000). Their participation in the design, structures, and processes is regarded as an important activity in itself (Royle, 2005; Sobczak, 2007). Thus unions, elected representatives of labor interests, are necessary participants in what we call “transnational co-determination”.

Industrial democracy is an arrangement which involves workers making decisions, sharing responsibility and authority in the workplace. While in participative management organizational designs workers are listened to and take part in the decision-making process, in organizations employing industrial democracy they also have the final decisive power (Kaufman, 2000). Generally, industrial relations are important to organizations because they provide for industrial democracy by giving workers an opportunity to express themselves.

Therefore industrial democracy brings effective communication between workers and management and thereby joint decisions acceptable to both parties are possible which leads to cordial labor-management relations industrial peace.

2. 5.1 Workers Participation And Involvement

Workers' participation in management is an essential ingredient of Industrial democracy. Swanepoel (2001) states worker participation as those attempts on the part of management to give workers the opportunity to become involved with or to participate in the decision making processes which are related to their daily activities as well as to the functioning of the organization as a whole. The role of trade unions is influenced by their nature. Thus, they seek and bring more members into the union's fold, mostly, on voluntary basis. They represent the workers; engage in collective bargaining and annulations; take part in settlement of trade disputes; and they seek and participate in decision-making on matters of interest to them.

Net (2002) opines that industrial democracy is important because it results in an increased share in the control of the organization, in the economy and in the community as a whole. In addition, for other reasons management also started to become more positive about industrial democracy seeing it as a way of promoting more effective operation in the organization.

As Lewin, Kaufman & Gollan (2010) stated, high involvement practices have shown to affect organizational performance by increasing employee participation and discretion. And also according to Decenzo & Robbins (2010) one fundamental issue of Organizational Development is its reliance on employee participation to foster an environment of open communication and trust. Hence, worker participation mainly involves those processes which non- managerial employees are given the chance of involvement in decision making and of exerting an important influence on decision making areas which, traditionally were regarded as the employer's prerogative. For instance, If an employee perceives that an election will be won or lost regardless of his or her vote, that employee may choose not to vote at all (Carrell and Heavrin ,2013).For all its ambiguities, voice can perhaps best be seen as the Holy Grail of employee relations; it is the promise of a

harmonious and effective employment relationship built on trust, fairness, and respect (Stewart & Peter, 2015). And, managers should use communications and employee participation to help ensure that employees are treated fair (Desseler, 2014).

So, management should, to some extent, have to give up some of its powers and resort to more participatory management styles and methods to maintain Industrial democracy which eventually brings Industrial peace.

2.6 Concept of Industrial Peace/ Harmony

This refers to a state of relative peace in any industrial organization, which involves; absence of strikes, and distrust among work groups or unions, peaceful relationship between unions and management of the organization, as well as employee positive perception of his or her contribution as participant not as subject within the organization. Industrial harmony is a very critical factor of organizational productivity and performance.

Industrial harmony in its ideal form, presupposes an industry in a condition of relative equilibrium where relationship between individuals and or groups are cordial and productive. Sayles and Strauss (1981) noted that with the inevitable differences among groups within an organization, conflict and differing objectives permeate modern organizations. This type of conflict prevents the existence of industrial harmony which reflects a state of organizational instability (Sayles & Strauss, 1981). Bassey et al. (2012), considered industrial harmony as an outcome of industrial relations process in an organization. Conflict according to him arises as a result of deviation from organizational norms in terms of remuneration, working condition, safety, professional conduct etc. These variables are located in inter-union relations, as well as union-management relations. Donnelly, Gibson and Ivancevich (1984) focusing on inter-group conflict in organization as a major source of industrial conflict and disharmony, noted that management prefers that groups cooperate and work towards the accomplishment of organizational goals. In this regard, antagonistic relationship often disrupts the entire flow of organizational process disrupting production and provision of service. Yusufu

(1984) looked at industrial harmony as the absence of industrial discontent, which exists when the satisfaction derivable from work situation tends to become permanently elusive. Under this condition, employee groups are unable to adjust to changing work condition and demand of one from the other. When these group grievances are monitored, channeled and promoted in an organized way, such as by trade unions, they become trade disputes. Conflicting industrial conditions like; go-slow, work to rule, over time ban, sit-in, work-in, strike and lock-out may occur

Industrial peace or harmony in a country is an important pre-requisite for its industrial development; it implies the existence of harmonious Industrial relations between the managements and workers. (Puttapalli & Vuram, 2012) Harmonious relationship between management and workers must exist if the company is to meet its corporate objectives. Harmonious relationship ensures industrial peace, avoid strike, lock out and increase production.

Good and stable industrial peace and the advancement of the general welfare, health, and safety of the Nation and of the best interest of employers and employees can most satisfactorily be secured by the settlement of issues between employers and employees through the processes of conference and collective bargaining between employers and the representatives of their employees (Carrell & Heavrin, 2013). Therefore, we can conclude that one of the main objectives and aspects of industrial relations is to give emphasis to labor employer partnership to establish and maintain industrial democracy so that the management would be able to maintain industrial peace and to avoid industrial strife.

2.7 Empirical evidence

The findings of (Atnafu, 2012) on his study on the role of labor union in promoting peaceful Industrial relation at BGI Ethiopia, can be a good example that shows the positive effect of role of labor union on employment relation. The result of the study indicated that the management had a positive attitude towards the union and there was a strong alignment of the objectives of the union with the goal of the organization. Based on the final findings, the study concluded that there was a good industrial relation climate in the company. And even far exceeding peaceful industrial relation

practice, the company involved in community centered services and corporate social responsibilities to benefit the whole society.

On another hand the findings of Shewaye (2014), on her study on the practical role of labor union on Employment relations; a case study in Addis Ababa Water and sewerage Authority, shows that labor union can be seen as weak from the standpoint of its members, if it doesn't create ways to involve and inform its members about its activities. The results of the study showed that the labor union was considered as a legitimate representative of employees by the management and emphasis was given to securing the collective agreement on decisions made in spite of interest between both parties. On the other hand due to the introduction of BPR, there were gaps in implementing the collective agreement and HRM manuals by the management side. However, the practical role of the labor union had a considerable contribution to the employment relations by voicing issues of employees and facilitating effective communication with the management. And, the practice of the company allowed employees to be involved in labor related issues. However, the study concluded that, the union was weak in facilitating ways to initiate members' participation and creating conducive environment to employees to assess the overall progress of the union's activity from the viewpoint of members.

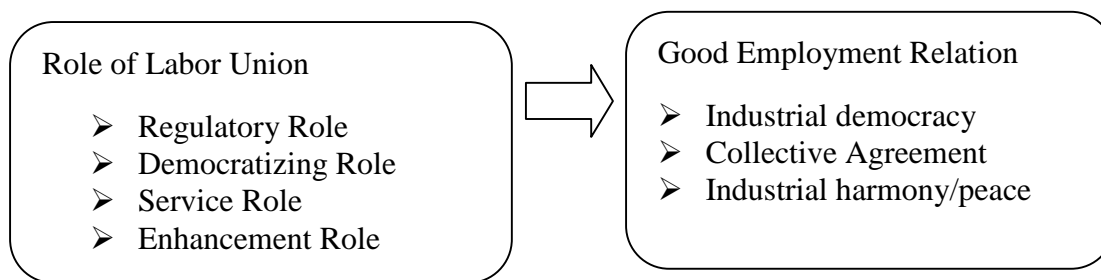
2.8. Conceptual Frame Work

A trade union's role is to improve the employment conditions of its members and to protect their rights. It takes account of its members' wishes and insures them against problems at work (Dundon & Rollinson, 2011). Union membership provides a number of advantages to workers. Unions negotiate wages & benefits for their members and seek to provide them job security, social affiliation, training & development, and the opportunity to exert political influence. And, these are the most important roles of unions (Anthony, Kacmar & Perrewe, 2010). The principal role of labor union includes the regulations of relations between workers and employers (Ivancevich, 2008). Achieving organizational goals through the development of organizational cultures is based on the shared values between management and employees (Armstrong, 2008).

In order to build stable and cooperative relationships between management and employees, there should be a system where employees and management can work together. Industrial democracy is an arrangement which involves workers making decisions, sharing responsibility and authority in the workplace. Its core principle is the need for the democratic participation of worker representatives in the governance of labor conditions (Kaufman, 2000). Thus, the involvement of unions through collective bargaining and representing the interests of workers in developing labor regulation is seen as crucial (Egels-Zanden, 2009). This can allow labor and management to join together and ratify a collective agreement. If there is an agreement and cooperation between employees and management, there will be a state of relative peace which involves absence of strikes, and distrust among work groups or unions which is a very critical factor of organizational productivity and performance (Bassey, Ojua, Archibong & Bassey, 2012)

This study formulated under following conceptual framework to show how the role of the labor union can maintain good employment relation. The independent variable is the role of labor union. The presence of regulatory, democratizing, service, enhancement and welfare role of labor union indicates that they are functioning well. The dependent variable is good employment relation which is indicated by the presence of industrial democracy, collective agreement and industrial peace.

Figure 2.1. Conceptual Framework



Source: Role of labor union as outlined by Anthony, Kacmar & Perrewe (2010) and Dundon & Rollinson (2011) and Good Employment Relation as outlined by Dundon & Rollinson (2011)

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Description of the study area

Ethiopian Insurance Corporation labor union was selected as a unit of analysis for this specific study, since the labor union is one of the oldest labor unions in Ethiopia with 899 members. All offices of the corporation located in Addis Ababa (i.e. six district offices and nine branches), were taken as a study area where there are 511 union members.

3.2 Research Design and Approach

The purpose of this study is to examine the role of labor union in maintaining good employment relation. So, this study used **descriptive research design**, since the objective of descriptive research is to gain a profile of situations (Mark & Philip, 2012). **Mixed research approach** was employed and involved collecting qualitative data after a quantitative phase in order to supplement the quantitative data in more depth as well as to address the research questions that could not be fully answered from the quantitative data.

3.3 Data Source, Type and Instrument for Data Collection

Data was gathered from both primary data sources and secondary data sources. Questionnaires and interviews are used as a primary data collection tools in a way that they can answer the research questions. And, secondary data sources like books, articles, journals, Ethiopian labor proclamations 377/2003, Ethiopian Insurance Corporation collective agreement, Ethiopian Insurance Corporation Labor Union Mandate and magazines published by the corporation is used as well.

In the first quantitative phase of the study, data through questionnaire was gathered from sampled members of the labor union from all offices of Ethiopian Insurance Corporation located in Addis Ababa, to assess the attitudes of the members towards the union.

The Questionnaire was designed specifically to capture the perceptions of Union members regarding the role of the labor union in ensuring their benefits as well as in maintaining good employment relation. The researcher employed Likert scale type to make it easier to the respondents and ultimately to ensure maximum response rate.

In the second qualitative phase, semi-structured interview was conducted to capture the views of the administrative managers who are involved in the collective bargaining process and union leaders who directly have access to the union members and the management at Addis Ababa Head quarter of Ethiopian Insurance Corporation.

A semi-structured interview was employed in order to allow them to discuss and raise issues that provide valuable information from the context of their experiences regarding the roles of the union in maintaining good employment relation in the corporation. This helped the researcher to build upon the initial quantitative results and to address the research questions in a way that represents the views of all organizational actors in employment relation.

3.4 Procedure for data collection

The questionnaire is administered using a drop and pick method to the sampled respondents. Care and control is exercised to ensure all questionnaires issued to the respondents are received. To achieve this, a register of questionnaires sent, and received is maintained. And, to collect the data, the researcher got permission from the corporation. Right after permission was approved, the questionnaires were distributed to the Union members and prior arrangements with the union leaders and administrative managers were made to set appropriate schedule to conduct the interview.

3.5 Population and Sample Size Determination

Questionnaires were distributed to 224 members of the union but among the total 224 contacted only 190 participants responded with a response rate of 87%.

The study used **non-probability sampling** to select participants, due to similarity of work categories and homogeneity of the respondents and direct relations with the labor union. By using **convenience sampling**, which is one of the types of non-probability sampling, the researcher selected and distributed questionnaires for two hundred twenty four (224) participants from the 511(five hundred eleven) members of the union. Members were selected according to their convenience accessibility and proximity to the researcher on the time of distributing the questionnaire. The sample size is calculated by using (Yamane, 1967) sample size determination formula with 95% confidence level which is presented as follows.

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

Where: n= sample size required

N = number of people in the population

e = allowable error (%)

$$n = \frac{511}{1 + 511(0.05)^2}$$

$$n = 224.3688$$

$$n = 224$$

By using **purposive sampling**, which is one of the types of non-probability sampling, four (4) union leaders and four (4) administrative managers, who have direct connection with the labor union activities and who were considered to be the major informants, were selected. This sampling technique was used because it ensures that all the key constituencies of relevance to the subject matter are covered and some diversity is included so that the researcher can build upon initial quantitative results.

3.6 Data analysis

The data collected from respondents was analyzed by using the literature review as a backup. Demographic variables in the study were analyzed using Descriptive statistics (frequencies and percentages are used to analyze). And the quantitative data collected from respondents through the questionnaires was sorted, coded, computed, and analyzed using the Statistical Package for Social Sciences (SPSS) software in the form of frequencies, percentages and mean. The results of the interview questions are incorporated to the responses of union members through questionnaires and will be analyzed accordingly.

3.7 Validity and reliability

According to Malhotra & Birks (2007), validity is the extent to which a measurement represents characteristics that exist in the phenomenon under investigation and reliability is the extent to which a measurement reproduces consistent results if the process of measurement were to be repeated.

The questionnaire was developed on the basis review of related literature. Pilot study was conducted two times in order to gather. Based on the first pilot study, the structure of the questionnaire was redesigned. Moreover, to enhance the validity of the questions, the researcher translated them into Amharic language in which all respondents were easily able to understand and answered the questions accordingly. And to confirm whether the adapted instrument is understood by the respondents or not, a pilot test was conducted again. In addition, the researcher provided explanations to the respondents before their answers. A total of 30 questionnaires were distributed to the respondents that work in all branches located in Addis Ababa, based on their easy accessibility. Then the returned 30 pilot instrument questionnaires were coded, analyzed, and a Cronbach's Alpha test is identified by SPSS IBM version 20.00 which was 0.919, which indicates that the instrument is reliable and there is strong internal consistency.

Table.3.1 Reliability scale

Reliability Statistics

Cronbach's Alpha	N of Items
.919	39

Case Processing Summary

		N	%
Cases	Valid	30	100.0
	Excluded ^a	0	.0
	Total	30	100.0

a. List wise deletion based on all variables in the procedure.

Source: Survey data, 2017

3.8 Ethical Consideration

The purpose of the questionnaire and interview were clearly described to participants before questions were asked and the questionnaires were distributed. The individuals were included in the sample with their willingness. In addition, the researcher ensured that the identities and responses of respondents remained confidential.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

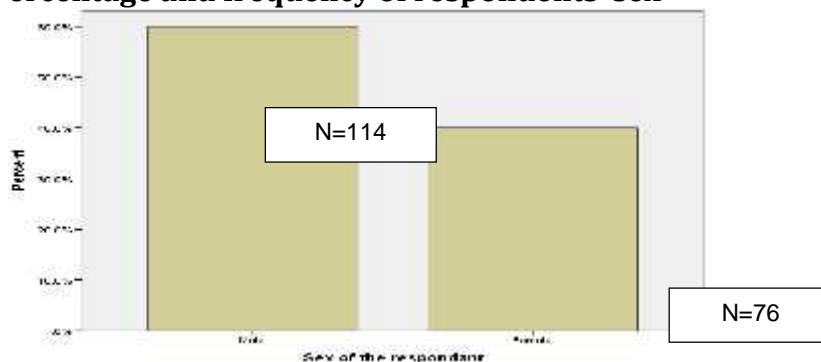
This chapter covers all the analysis undertaken with the data collected. A descriptive technique of data analysis is employed to see the characteristics of the sample and examine the role of labor union in maintaining good employment relation. This chapter consists five sections which are expected to answer the research questions raised in chapter one: the roles of the labor union in ensuring the benefits of its members; the current roles of the labor union in promoting industrial democracy; the role of the labor union in maintaining peaceful Industrial relation; and the collective bargaining practices employed in the corporation.

4.1 Respondents' Demographic Characteristics

This part of the questionnaire consists of the demographic information of the participants. It mainly focused on the general information about the respondents such as sex, age, number of service years in the corporation, educational level achieved, and years of being a member of the labor union.

Accordingly, the demographic variables about the respondents were summarized and described in different figures and tables hereunder.

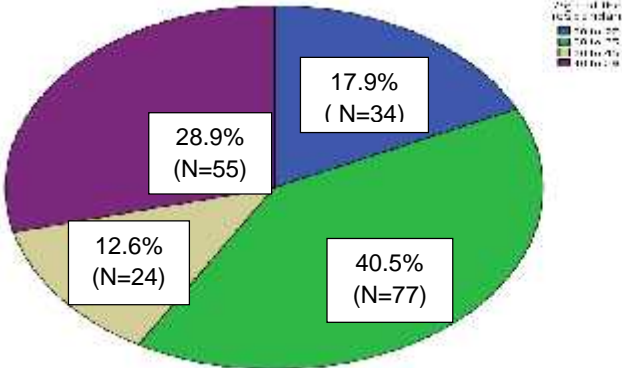
Figure 4.1
Percentage and frequency of respondents' sex



Source: survey questionnaire, 2017

As shown in figure 4.1 among the total 190 participants, N=114/ 60% of the respondents were male and the remaining N=76/ 40% were female participants. The gender representation of the respondents is nearly equivalent.

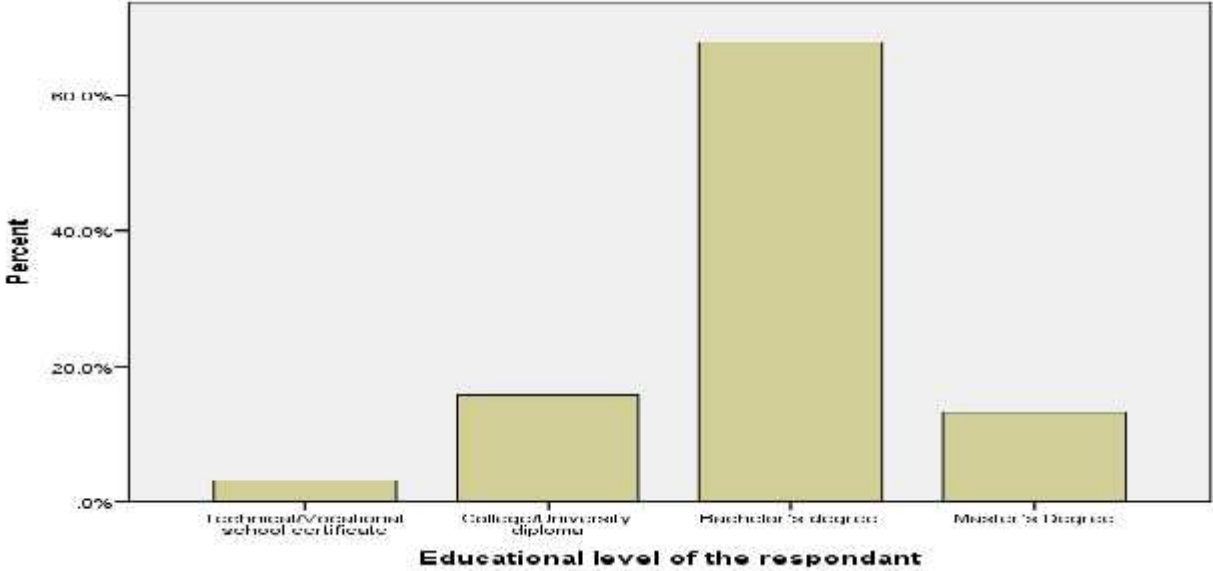
Figure 4.2
Percentage and frequency of respondents' age



Source: survey questionnaire, 2017

As can be seen in figure 4.2 the majority of participants, N=77/40.5% were in the age range of 28-35 years. The next highest majority of participants, N=55/28.9%, were in the age range of 46-59 years. N=34/17.9% and N=24 /12.6% of participants were in the age range of 20-27 years and 36-45 years respectively. Therefore it is possible to say respondents from different age group have participated in this study.

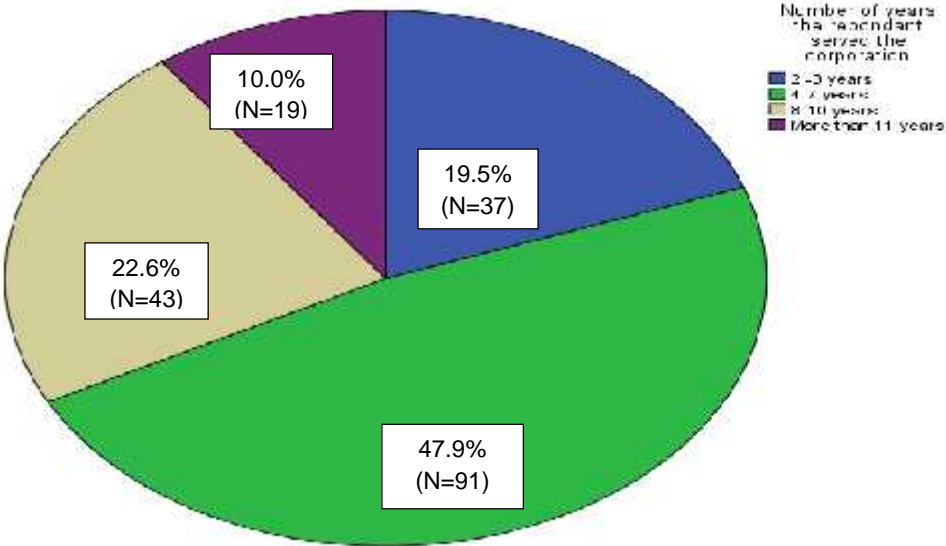
Figure 4.3
Percentage of respondents' educational level



Source: survey questionnaire, 2017

As shown in figure 4.3 of the total participants, the majority, N=129/67.9%, were having educational level of Bachelor’s degree. N=30/15.8% of participants were having educational level of college/university diploma. N=25 / 13.2% of participants were having educational level of Master’s Degree. The minority of participants, N=6/3.2%, were having educational level of Technical/Vocational school certificate. Even though the majority of the respondents have Bachelor’s degree, the views from respondents with different educational background are represented in the study.

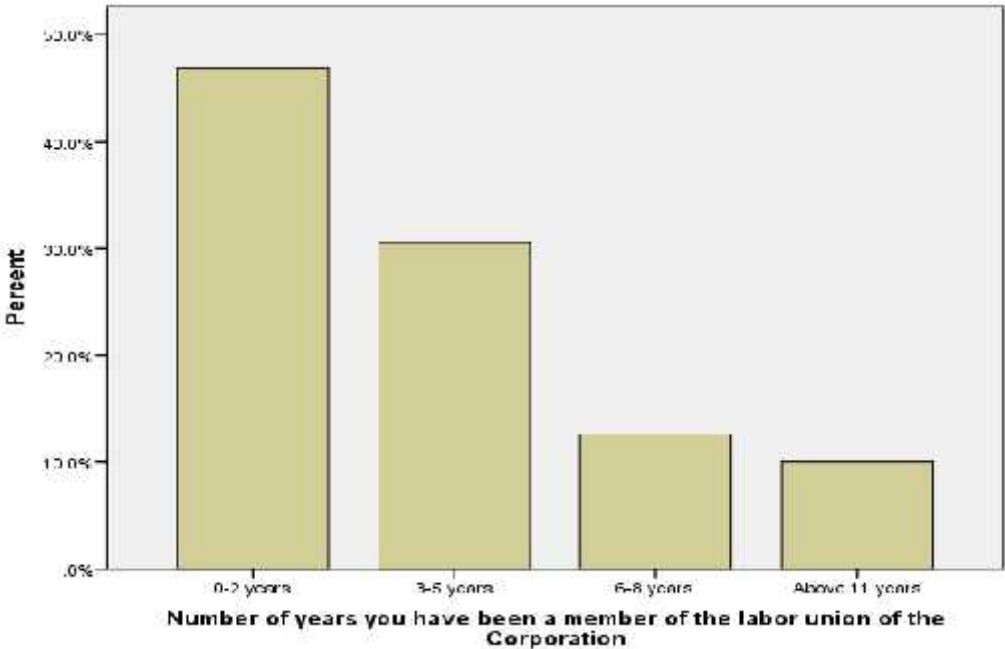
Figure 4.4
Percentage and frequency of participants’ work experience



Source: survey questionnaire, 2017

As can be seen in figure 4.4 the majority of participants, N=91/47.9%, were having work experience of 4-7 years. N=43/ 22.6% and N=37/ 19.5% were having work experience of 8-10 years and 2-3 years respectively. While the remaining minority, N=19/ 10%, were having work experience of more than 11 years in their organization. Therefore this study included participants with different years of experience with the corporation.

Figure 4.5
Percentage and frequency of participants' membership years



Source: survey questionnaire, 2017

As shown in figure 4.5 the majority of participants, N= 89 /46.8%, reported that they have been 0-2 years since they have been a member of the labor union of the corporation. 58 /30.5% responded that they have been members of the union for 3-5 years since they have been a member of the labor union of the corporation. N=24/12% of the participants have 6-8 years of membership, while the minority of participants, N=19/10% , reported that they have been more than 11 years since they have been a member of the labor union of the corporation. Therefore the study includes members with different years of membership in the labor union.

4.2 Results of the role of the labor union in ensuring the benefits of its members

Summary of responses of all the respondents to the questions on the role of the labor union in ensuring the benefits of its members is summarized below. In order to examine the role of the labor union in ensuring the benefits of its members, 10 items scores on responses of the sampled union

members in the corporation have been calculated. And, means and percentage scores are presented as follows.

Table 4.2.1 statistical summary of responses on the role of the labor union in ensuring the benefits of its members

No.	Questions	Mean
1	The labor union actively participates to improve the financial conditions of employees.	3.79
2	The labor union has strong involvement in improving and regulating such issues as working conditions, employee safety, training and layoffs.	3.45
3	The labor union is strong in protecting employees from illegal practice by the management.	3.58
4	The labor union provides financial service for those employees who are in need of help (personal problem or legal case).	3.80
5	The representatives of the labor union make efforts to identify and utilize the potential of the members.	2.69
6	The members of the labor union are well communicated about changes in the corporation by the labor union.	3.26
7	The labor union makes sure that members get their proper benefits and bonuses as agreed on the collective agreement.	3.26
8	The labor union leaders give advices on how workers can exercise their rights and duties within the corporation.	2.65
9	The labor union has its own publications in order to increase the level of knowledge of its members and to defend their interests.	2.33
10	The Labor union is seen as an important part of the corporation in supporting the interests of the members.	3.70
Dimension of mean		3.2521

Source: survey questionnaire, 2017

As can be seen in table 4.2.1 above, the mean score of the overall roles of labor union in ensuring the benefits of its members is **3.25** which is greater than the mean of the scale. This implies that the level of the role of the labor union in ensuring the benefits of the labor union is good.

The highest mean score of 3.80 (where 46.8% of the respondents agreed on) was recorded on the item that '4.' This was followed by '1' with mean score of 3.79 (where 54.2% of the respondents agreed on). The other factor on which the union scored good mean value of 3.70 (where 55.8% of the respondents agreed on) was the item that says '10.'

The items '2.', '3.' and '7.', scored a mean score 3.45 (where 58.9% of the respondents agreed), 3.58 (where 52.1% of the respondents agreed) and 3.26 (where 56.8% of the respondents agreed on) respectively.

And interviewees selected from the union leaders added that whenever the corporation achieves annual goals, as clearly put on the collective agreement, the corporation provides annual bonuses according to the respective results of employees' performance evaluation. And, any employee who has complaint on his/her performance evaluation result can bring the matter to the labor union. And, the administrative managers added that the complaint regarding the complaints made will be seen by human resource management committee. The union leaders mentioned that the labor union provides financial services to members who need help. For instance, the labor union pays lawyers 3500birr for those members who have court cases. If a member dies, the union gives 1500 birr to his/her family and wreaths in the funeral and visits sick employees who are confined to bed by sickness.

The items like '5.', '8.', '9.' appeared to have a mean values of 2.33 (where 36.3 % of the respondents disagree), 2.65 (where 56.8% of the respondents disagree) and 2.69 (where 33.7% of the respondents disagree) respectively. And, the union leaders mentioned that the union is trying to publish brochures and trying to inform members of the union about its activities and services, unlike the views of the members. But they admit that they need to work on identifying high potential employees who need opportunities.

This shows that the weaknesses of the labor union mainly emanates from the representatives failure to find a mechanism to communicate with the union members. In order to ensure the benefits of union members, union representatives must provide adequate information to let union members

know how they can get more access to career development opportunities, how they can exercise their rights and how they can defend their rights.

4.3 Results on the roles of the labor union in promoting industrial democracy

Summary of responses of all the respondents to the questions on the roles of the labor union in promoting industrial democracy is summarized below. Analysis in this respect is helpful to describe to what extent the labor union promotes industrial democracy. Means and percentage scores are presented as follows.

Table 4.2.2 statistical summary of responses on the roles of the labor union in promoting industrial democracy

No.	Questions	Mean
11	The labor union leaders consult with the members before entering into negotiation with the management.	2.73
12	The practices of the union are according to the interests and needs of the employees.	3.93
13	The labor union leaders allow workers, to directly deal with all aspects of management or industrial issues through their representatives.	2.93
14	The labor union encourages employees to express or discuss their personal problems with their superiors.	2.37
15	The labor union representatives have active participations in succession plan of the corporation.	2.48
16	The labor union participates in modifications of contracts and procedural agreements in the corporation.	3.33
17	The labor union participates in the designing and implementation of employee reward systems	3.49
18	The involvement of the labor union is high in the corporation, in employees' promotion.	2.45
19	The labor union fully participates in strategic issues of the corporation.	2.50
20	The involvement of labor union in maintaining industrial democracy is high.	3.36
Dimension of mean		2.9574

Source: survey questionnaire, 2017

As illustrated in table 4.2.2 above, the mean score of the overall role of labor union in promoting industrial democracy is **2.95**, which is lower than the mean value of 3. This indicates that the overall level of the role of the labor union in promoting industrial democracy in the corporation is low.

The highest mean score of 3.93 (where 59.5% of the respondents agreed on) was recorded on the item '12.' This interestingly shows that even though the labor union is not performing well in involving employees in its activities, it still works according to the interests of the employees. This was followed by '17' with mean score of 3.49 (where 56.3% of the respondents agreed on) and '16.' with the mean score of 3.33 (where 43.7% of the respondents agreed on.).

The item '19.' has a mean value of 2.50 (where 43.2% of the respondents disagree). And, the statements that says '15', and '18.', scored the lowest mean values of 2.37 (where 63.2 % of the respondents disagree on) and 2.48 (where 55.3 % of the respondents disagree on) respectively. This shows that the labor union is not actively participating in major managerial areas where it need to take part in to promote industrial democracy in the corporation.

The item '11.' has a mean score of 2.73 (where 40.0 % of the respondents disagree) and the item that says '14.' has a mean score of 2.37 (where 63.2% of the respondents disagree on). This indicates that the labor union does not notify and inquire for opinions of members before dealing with the management and which implies that the labor union is not participative enough. Plus, it should find ways to motivate employees to have open discussion with their immediate managers and supervisors.

From the interview with the union leaders, the researcher learned that the management allows the union to participate in managerial decisions like employee transfer, promotion, trainings, scholarship, disciplinary actions, performance appraisal etc.... but the union leaders are not strong and organized enough to influence the decisions of the management, their power just goes as far as giving ideas and thoughts. So most of the time, the management does what it has to do and inform the labor union about its decisions through management committee that is composed of 3 labor union representatives and 3 management representatives. So as a body that works to stand for the needs of employees and as a body that needs to create harmonious working environment, the labor union should find ways to have strong union leaders.

4.4 Results on the role of the labor union in maintaining peaceful employment relation.

Summary of responses of all the respondents to the questions on the roles of the labor union in maintaining peaceful employment relation is summarized below. Analysis in this respect is helpful to describe to what extent the labor union promotes industrial democracy. Means and percentage scores are presented as follows.

Table 4.2.3 statistical summary of responses on the roles of the labor union in maintaining peaceful employment relation in the corporation

No.	Questions	Mean
21	The labor union aligns its objectives with the objectives of the management.	3.55
22	The labor union deals with the management to solve problems related to working conditions.	3.73
23	When any employee makes a mistake, fine or ban on the employee can be made in consultation with labor union.	3.32
24	The labor union works with the management to avert disciplinary and performance problems in the workplace	3.23
25	The labor union allows members to make their grievances heard.	4.04
26	The labor union pressures the management to give timely remedy for any labor-management disagreement.	2.84
27	The labor union is effective in resolving disagreements and conflicts with the management.	2.89
28	There is effective use and incorporation of conflict resolution techniques by the union and the management.	2.90
29	The labor union has mutual understanding, trust and cooperation with the management.	3.26
30	The presence of the labor union is the key to maintain peaceful relationship between the management and workers.	3.41
Dimension of mean		3.3179

Source: survey questionnaire, 2017

As indicated in table 4.2.3 above, the mean score of the overall roles of labor union in maintaining peaceful employment relation between the management and the labor union is **3.31**, which is greater than the mean value of 3. This implies that the role of the labor union in maintaining peaceful employment relation is good.

The highest mean score of 4.04 (where 43.2% of the respondents agreed on) was recorded on the item that says '25.' The other two factors on which the union scored good mean values of 3.73 (where 66.8% of the respondents agreed on) and 3.55 (where 42.1% of the respondents agreed on) were the items '22.' and '21.'

The items like '26.', '28.' and '27.' appeared to have a mean values of 2.84 (where 43.7 % of the respondents were neutral), 2.90 (where 37.4% of the respondents disagreed on) and 2.89 (where 53.2% of the respondents were neutral and 19.5% disagreed on) respectively.

As the union leaders mentioned in their interview with the researcher, this perception of members is the result of the dispute that happened two years ago. At that time the management refused to distribute annual bonus because of budget issues. But, the labor union allows members to make their grievances heard regarding any working issues like performance appraisal results and tries to solve problems with the management. But, as mentioned above the union tries to bargain in good faith with the management and does not put pressure to avoid conflicts.

4.5 Results on the practices of collective bargaining in the corporation

Summary of responses of all the respondents on the practices of collective bargaining in the corporation is summarized below. The result of this analysis is helpful to describe the current practices of collective bargaining between the labor union and the management in the corporation.

Table 4.2.4 statistical summary of responses on the practices of collective bargaining

No.	Questions	Mean
31	The labor union encourages members to bring employment issues that need a collective bargaining.	2.39
32	When the labor union has labor issues to discuss with the management, the management is willing to bargain on time.	3.81
33	Both the labor union and the management partake in good faith bargaining.	3.10
34	The union bargains, negotiates and convinces the management by offering better conditions of employment to improve the living standards of its members.	3.04
35	The labor union and the management to continually bargain to make small changes to ensure positive employment policies.	3.24
36	The collective bargaining helps to promote democracy in the corporation by letting employees to participate in employment affairs.	3.11
37	The bargaining system in the corporation is based on objective assessment and adequate information.	3.23
38	The collective bargaining goes through dialogue and consensus.	3.46
39	The labor union representatives have strong positions to monitor the implementation of the collective agreement of the corporation.	3.05
Dimension of mean		3.1579

Source: survey questionnaire, 2017

As illustrated in table 4.2.4 above, the mean score of the overall practice of collective bargaining was **3.15**, which is higher than the mean value of 3. This indicates that the current practices of collective bargaining can be seen as good.

The highest mean score of 3.81 (where 40% of the respondents strongly agreed on) was recorded on the item ‘32.’ which shows that the management is fully supportive of the labor issues that the labor union wants to discuss about. This was followed by ‘38.’ with a mean score of 3.46 (where 42.1% of the respondents agreed on), which is another factor that shows that the management and the labor union has good attitude towards each other. But, the item ‘31.’ scored the lowest mean value of 2.39 (where 53.2 % of the respondents disagree on).

As interviewees from the labor union mentioned, there is a positive attitude from the management and when the labor union has labor issues to discuss with the management, the management is

willing to bargain on time. And most of the time the collective bargaining goes through dialogue and consensus.

But, even though most union members feel that the labor union does not encourage members to bring employment issues that need a collective bargaining, the union leaders mentioned that the main reason why they assign representatives for each branch is to pass any employment issues members need to change. But still the union leaders admitted that they need to work on giving training to these representatives to learn how to communicate with their members.

CHAPTER FIVE

5. SUMMARY, CONCLUSION & RECOMMENDATION

5.1 Summary

Data through questionnaire was gathered from 190 union members and interview for 4 union leaders & 4 administrative managers was conducted. The collected data is analyzed with the purpose of examining the role of the Ethiopian Insurance Corporation Labor Union in maintaining sound employment relation. In doing this analysis self-developed questionnaire (prepared with both English and Amharic languages) was used. In order to ensure the reliability and validity of the questionnaire, pilot test was carried out and Cronobach's Alpha of 0 .919 was acquired. Before analyzing the data, missing values and irregularities in the data collected were checked.

Among the total of 224 union members contacted only 190 union members responded with a response rate of 87%, 60% (114) of the respondents were male and the remaining 40% (76) were female participants. Respondents from all educational background and age group are represented in the data collected.

Descriptive data analysis result is used to understand the role of labor union in maintaining sound employment relation, based on the role of the labor union in ensuring the benefits of its members (regulatory role, enhancement role and service role), in promoting industrial democracy in an organization (democratizing role), in maintaining peaceful employment relation (regulatory role) and good practices in collective bargaining. Based on these premises, the findings of the research are summarized as follows:

Table 4.2.5 Summary of mean results on the current roles of the labor union

	Overall dimension of Mean
Role of the labor union in ensuring the benefits of its members (Regulatory role, Enhancement role and Service role)	3.2521
Role of the labor union in promoting Industrial Democracy (Democratizing role)	2.9574
Role of the labor union in maintaining Peaceful employment relation (Regulatory Role)	3.3179
Practices of the labor union in Collective bargaining	3.1579

Source: survey questionnaire, 2017

As can be seen in table 4.2.5, the mean score of the role of the labor union in ensuring the benefits of union members is slightly greater than the mean value of 3, with a mean score of **3.25**. This indicates that the level of the role of the labor union in ensuring the benefits of union members is good. This shows that the labor union plays a regulatory role, enhancement role and service role to create harmonious working environment which can bring and maintain sound employment relation.

However, weak responses are also observed on some of the questions like: ‘The representatives of the labor union make efforts to identify and utilize the potential of the members.’, ‘The labor union leaders give advices on how workers can exercise their rights and duties within the corporation.’, ‘The labor union has its own publications in order to increase the level of knowledge of its members and to defend their interests.’, and appeared to have mean values of ranging from 2.33 to 2.69. This shows that the weaknesses of the labor union mainly emanates from the representatives failure to find a mechanism to communicate with the union members and provide adequate information to let union members know how they can get more access to career development opportunities, how they can exercise their rights and how they can defend their rights.

Summary of scores of the mean of the overall roles of labor union in promoting industrial democracy is **2.95**, which is lower than the mean value of 3. This indicates that the extent of the role of the labor union in promoting industrial democracy in the corporation and among members of the union is low. The weakness can be summarized as the labor union does not notify and inquire for

opinions of members, before dealing with the management and does not motivate them to participate. This indicates that the democratizing role of the labor union is less than from what it is expected to be. This may create a gap between what the union members really need and what the union leaders/representatives are doing. This may foster negative attitude towards the management and disrupt the employment relation that exists between management and union members/employees.

However, items like ‘The practices of the union are according to the interests and needs of the employees.’, ‘The labor union participates in the designing and implementation of employee reward systems’ and ‘The labor union participates in modifications of contracts and procedural agreements in the corporation.’, scored above average ranging from mean score of 3.93 to 3.33, which shows that the labor union is at least participating in few managerial matters that are directly related to labor affairs.

Summary of responses on the overall roles of labor union in maintaining peaceful employment relation is **3.31**, which is greater than the mean value of 3. This implies that the role of the labor union in maintaining peaceful employment relation is good. However, responses on questions like: ‘The labor union pressures the management to give timely remedy for any labor-management disagreement.’, ‘There is effective use and incorporation of conflict resolution techniques by the union and the management.’ and ‘The labor union is effective in resolving disagreements and conflicts with the management.’ appeared to have a low mean values ranging from 2.84 to 2.89. These weaknesses can be summarized as the labor union is not strong and powerful enough to influence the management.

With regard to respondents’ reaction to the practices of the labor union in collective bargaining, most responses were above average with total mean value of **3.15**, which is higher than the mean value of 3. This indicates that the current practices of collective bargaining in the corporation can be seen as good. However, the lowest mean score 2.39 was observed on the item that says ‘the labor union encourages members to bring employment issues that need a collective bargaining.’

5.3 Conclusion

A sound relation at the enterprise level builds trust and confidence between workers and management, which is the point at which the system must ultimately be effective. (Mahapatro, 2010). Nowadays, successful organizations are increasingly those that have a constructive relationship with employees and a management approach that enables them to develop and draw on the full potential of their people (Mello, 2006). Sound industrial relations between employers and employees can lead to a stable economy and prevent settlements that are detrimental to the functioning of the economy (Toke & Zafiris, 2002). In this case, labor unions play a significant role in creating conducive working relationship between employees and management by providing advice and support so that conflicts can be managed easily.

The overall role of the labor union in maintaining good employment relations in the corporation is good (most questions scored more than the mean value). But, even though the labor union makes efforts to be involved in managerial and strategic issues of the corporation to maintain industrial democracy, the extent to which it allows its own members to participate in employment affairs is very low. But still, it is seen as an important body of the corporation which works for the sake of employees that creates a bridge to connect with the management. The labor union works to ensure the benefits of its members, improve financial conditions of all employees and to provide financial services for those employees who are in need of help. This indicates that the labor union is playing a vital role in maintaining sound employment relation.

The labor union allows members to make their grievances heard. But, members don't get advices on how they can exercise their rights and duties within the corporation and the union does not publish enough publication like bulletins and magazines in order to increase the level of knowledge of its members to defend their own. This shows where the weaknesses of the labor union are. However, the labor union does not encourage members to bring employment issues that need a collective bargaining. This indicates that the labor union is not participative enough as it is expected to be. Therefore, the labor union representatives are expected to make more efforts to increase and

enhance the knowledge of members so that they can defend their own interests, exercise their rights and participate in employee affairs.

It's clearly put on the collective agreement of the corporation that the labor union is allowed to take part in succession planning and other managerial activities. Even though, the labor union participates in the designing and implementation of employee reward systems and other managerial issues, they don't actively participate in succession planning and do not make efforts to identify and utilize the potential of the members, which is the most important activity that develops career paths for most employees and which will facilitate the corporation's ability to retain top-performing employees. On the other hand, the involvement of the labor union seems to be low in employees' promotion. This shows that the labor union's overall enhancement role in the corporation is low.

The labor union tries to align its objectives with the objectives of the management and tries to deal with the management to solve problems related to working conditions. Whenever the labor union has labor issues to discuss with the management, the management is willing to bargain on time. However, the labor union does not pressure the management to give timely remedy for any labor-management disagreement because it is not effective in resolving disagreements with the management. Even though this can imply that the labor union would not like create a conflict with the management and tries to regulate and maintain peaceful employment relation, it shows that they don't have strong positions. But still it can indicate that the management is keen to discuss on the labor issues that the labor union brings on the table. And, most of the time collective bargaining goes through dialogue and consensus where both parties bargain in good faith. This is another factor that shows that the management and the labor union has good attitude towards each other.

5.4 Recommendation

On the basis of the findings and conclusions reached, the following recommendations were forwarded to enhance the good employment relation that already exists and to tackle problems identified, the following points are suggested:

1. Recommendations to ensure the benefits of union members;

There are some employees who not only go the extra mile to get the job done, but immediately stand out because they are born leaders. Organizations can save money and enhance career promotion and commitment within the existing workforce in the organization (Colling & Mellahi, 2009). Therefore, the union representatives should spot out employees who are motivators, collaborators and proponents of change who try to positively impact the organization.

And even though members agree that the labor union gives financial aid to members who need financial help, the amount of money provided by the union is very small comparing to the current purchasing power of Ethiopian birr. So, the labor union should identify ways to increase monthly membership fees on the members so that a substantial amount of money can be saved.

An informed union member stays in touch with what is happening and changing in the work environment. This enables employees to cope up with the changes of an organization. Therefore, the labor union should publish brochures, magazines, and bulletins to inform what has been done and to increase the knowledge of employees on how to defend their rights. In addition, the union should prepare an information technology system to give sufficient information to members. It can use the organization's intranet and reach to members through email with up-to-date information.

The labor union should properly create awareness among its members about its major roles, its efforts made to secure the needs of its members through appropriate channels i.e., by producing its own periodical's reports or newsletter on quarter base.

2. Recommendations to promote Industrial democracy;

Even though there is a general assembly held once in a year in Addis Ababa, which aims to include all employees from all over the country, most members do not feel like the union is participative enough. And, because of scattered geographical location of branches most branches send their branch representatives and attend the general assembly. So, representatives assigned from each branches should get appropriate training to learn how to communicate with their members to bring labor affairs to the general assembly and actively work to change members' perception about the union.

The labor union representatives do not have active participations in strategic issues of the corporation like succession plan and employee promotion. These are the most important managerial areas where the labor union needs to work on because; they are directly linked with the benefits of members that pave ways for career development opportunities. Therefore, as a guardian of employees' interests, the labor union should strengthen the relationship and information flow with the management through regular contact with the review of potential candidates. And, the labor union should assign influential union leaders (with good interpersonal skills) who can actively participate in these managerial issues.

3. Recommendations to enhance industrial peace;

Even if the corporation current industrial peace is in good terms in the corporation, there should be a proper disposal of grievance. So, the labor union should have defined conflict resolution techniques together with the management in order to give timely remedy if disagreements arise.

4. Recommendations to advance the practices in collective bargaining;

The labor union leaders should at least visit once in a year, the work places of union members, to oversee the working condition, take notes to enhance its effectiveness in collective bargaining and undertake survey to measure about its performance and satisfaction level of its members to get feedback from its members in general.

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APPENDIX 1. Questionnaire

Addis Ababa University
School of Commerce
Department of Human Resource Management

Dear Sir/Madam;

I would like to express my sincere appreciation for taking the time to give your honest and prompt responses.

I am finalizing my MA studies in Human Resource Management at the Addis Ababa University, School of Commerce. I am now doing My Master's thesis on the topic "**Roles of Labor union in Maintaining Sound Employment Relations: in the case of Ethiopian Insurance Corporation**" to complete my studies.

The aim of the study is to investigate the current role of the Labor union in creating good Relationship between the Management and the Employees.

It will take approximately 15 minutes to complete the questionnaire.

Please be assured that all responses will remain confidential.

Thank you for your willingness and time to complete this questionnaire.

Lwam Messele

Section A: Profile of Respondent

Please complete the following details by checking the box that is appropriate for you (**with an X**).

1. **Sex:** 1.Male 2.Female

2. **Age:** 1. 20 to 27 2. 28 to 35 3. 36 to 45 4. 46 to 59 5. 60 or above

3. **Educational level:**
 1. Technical/Vocational school certificate
 2. College/University diploma
 3. Bachelor's degree
 4. Master's Degree
 5. Other (Specify) _____

4. Number of years you have served the corporation:

- 1. 2 – 3 years
- 2. 4 – 7 years
- 3. 8 – 10 years
- 4. More than 11 years

5. Number of years you have been a member of the labor union of the Corporation?

- 1.0-2years
- 2. 3-5years
- 3. 6-8years
- 4.9-11years
- 5.Above 11years

Section B: Questions related to the role of labor unions

Listed below are statements about the Role of Labor Union in Maintaining Employment Relations in the Corporation. Please indicate your level of agreement with the statements so that your answers to these questions will enable the student researcher to assess what you think about the role of labor union in the corporation.

Please indicate the **level of satisfaction** with each statement by **checking the box with an “X”** to the levels from 1 to 5.

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

Roles of labor union in ensuring the benefits of its members (Regulatory, Enhancement and Service role)		1	2	3	4	5
1	The labor union actively participates to improve the financial conditions of employees.					
2	The labor union has strong involvement in improving and regulating such issues as working conditions, employee safety, training and layoffs.					
3	The labor union is strong in protecting employees from illegal practice by the management.					
4	The labor union provides financial service for those employees who are in need of help (personal problem or legal case).					
5	The representatives of the labor union make efforts to identify and utilize the potential of the members.					

6	The members of the labor union are well communicated about changes in the corporation by the labor union.					
7	The labor union makes sure that members get their proper benefits and bonuses as agreed on the collective agreement.					
8	The labor union leaders give advices on how workers can exercise their rights and duties within the corporation.					
9	The labor union has its own publications in order to increase the level of knowledge of its members and to defend its interests.					
10	The Labor union is seen as an important part of the corporation in supporting the interests of the members.					

Roles of the labor union in promoting <u>industrial democracy</u>		1	2	3	4	5
<u>(Democratizing role)</u>						
11	The labor union leaders consult with the members before entering into negotiation with the management.					
12	The practices of the union are according to the interests and needs of the employees.					
13	The labor union leaders allow workers, to directly deal with all aspects of management or industrial issues through their representatives.					
14	The labor union encourages employees to express or discuss their personal problems with their superiors.					
15	The labor union representatives have active participations in succession plan of the corporation.					
16	The labor union participates in modifications of contracts and procedural agreements in the corporation.					
17	The labor union participates in the designing and implementation of employee reward systems.					
18	The involvement of the labor union is high in employee promotion in the corporation.					
19	The labor union fully participates in strategic issues of the corporation.					
20	The involvement of labor union in maintaining industrial democracy is high.					

Roles of the labor union in maintaining <u>peaceful employment</u>		1	2	3	4	5
<u>relation.</u>(Regulatory role)						
21	The labor union aligns its objectives with the objectives of the management.					
22	The labor union deals with the management to solve problems related to working conditions.					

23	When any employee makes a mistake, fine or ban on the employee can be made in consultation with labor union.					
24	The labor union works with the management to avert disciplinary and performance problems in the workplace					
25	The labor union allows members to make their grievances heard.					
26	The labor union pressures the management to give timely remedy for any labor-management disagreement.					
27	The labor union is effective in resolving disagreements and conflicts with the management.					
28	There is effective use and incorporation of conflict resolution techniques by the union and the management.					
29	The labor union has mutual understanding, trust and cooperation with the management.					
30	The presence of the labor union is the key to maintain peaceful relationship between the management and workers.					

Practices in collective bargaining		1	2	3	4	5
31	The labor union encourages members to bring employment issues that need a collective bargaining.					
32	When the labor union has labor issues to discuss with the management, the management is willing to bargain on time.					
33	Both the labor union and the management partake in good faith bargaining.					
34	The union bargains, negotiates and convinces the management by offering better conditions of employment to improve the living standards of its members.					
35	The labor union and the management to continually bargain to make small changes to ensure positive employment policies.					
36	The collective bargaining helps to promote democracy in the corporation by letting employees to participate in employment affairs.					
37	The bargaining system in the corporation is based on objective assessment and adequate information.					
38	The collective bargaining goes through dialogue and consensus.					
39	The labor union representatives have strong positions to monitor the implementation of the collective agreement of the corporation.					

|||Thank You|||

APPENDIX 2. Interview Questions

This interview questions will be answered by purposively selected respondents.

For Union Leaders

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1. What kind of service and benefits does the union provide to the union members?
2. What ways does the union use to consult and involve members in the union activities?
3. What are the changes brought by the union through negotiations?
4. What collective bargaining practices are employed in the corporation?
5. Is there anything you suggest for improvement?

For Administrative managers

1. How cooperative is the management toward the union?
2. What are the changes brought by the union?
3. How do you explain the overall employment relations climate in the corporation?
4. Does the management allow employees and the union to participate in different decision making areas?

APPENDIX 3. Cronbach's Alpha of items

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The labor union actively participates to improve the financial conditions of employees.	119.90	354.080	.469	.913
The labor union has strong involvement in improving and regulating such issues as working conditions, employee safety, training and layoffs.	120.25	343.065	.676	.910
The labor union is strong in protecting employees from illegal practice by the management.	120.11	352.310	.606	.911
The labor union provides financial service for those employees who are in need of help (personal problem or legal case).	119.89	352.497	.670	.911
The representatives of the labor union make efforts to identify and utilize the potential of the members.	121.01	352.016	.539	.912
The members of the labor union are well communicated about changes in the corporation by the labor union.	120.44	354.681	.532	.912
The labor union makes sure that members get their proper benefits and bonuses as agreed on the collective agreement.	120.43	373.961	-.015	.918

The labor union leaders give advices on how workers can exercise their rights and duties within the corporation.	121.04	336.739	.704	.909
The labor union has its own publications in order to increase the level of knowledge of its members and to defend its interests.	121.36	380.127	-.190	.920
The Labor union is seen as an important part of the corporation in supporting the interests of the members.	119.99	349.233	.749	.910
The labor union leaders consult with the members before entering into negotiation with the management.	120.96	343.697	.642	.910
The practices of the union are according to the interests and needs of the employees.	119.76	363.293	.353	.914
The labor union leaders allow workers, to directly deal with all aspects of management or industrial issues through their representatives.	120.77	358.771	.353	.914
The labor union encourages employees to express or discuss their personal problems with their superiors.	121.33	363.681	.323	.914
The labor union representatives have active participations in succession plan of the corporation.	121.21	371.744	.053	.917

The labor union participates in modifications of contracts and procedural agreements in the corporation.	120.36	348.889	.597	.911
The labor union participates in the designing and implementation of employee reward systems.	120.21	348.778	.573	.911
When employees are promoted, the involvement of labor unions is high in the corporation.	121.24	346.703	.598	.911
The labor union fully participates in strategic issues of the corporation.	121.19	353.025	.503	.912
The involvement of labor union in maintaining industrial democracy is high.	120.34	356.648	.519	.912
The labor union aligns its objectives with the objectives of the management.	120.14	360.038	.468	.913
The labor union deals with the management to solve problems related to working conditions.	119.96	357.052	.533	.912
When any employee makes a mistake, fine or ban on the employee can be made in consultation with labor union.	120.37	351.558	.451	.913
The labor union works with the management to avert disciplinary and performance problems in the workplace	120.46	348.366	.795	.909
The labor union allows members to make their grievances heard.	119.65	363.529	.238	.916

The labor union pressures the management to give timely remedy for any labor-management disagreement.	120.85	353.047	.503	.912
The labor union is effective in resolving disagreements and conflicts with the management.	120.80	361.420	.355	.914
There is effective use and incorporation of conflict resolution techniques by the union and the management.	120.79	347.582	.567	.911
The labor union has mutual understanding, trust and cooperation with the management.	120.44	351.200	.510	.912
The presence of the labor union is the key to maintain peaceful relationship between the management and workers.	120.29	346.418	.560	.911
The labor union encourages members to bring employment issues that need a collective bargaining.	121.31	357.007	.454	.913
When the labor union has labor issues to discuss with the management, the management is willing to bargain on time.	119.89	359.125	.278	.916
Both the labor union and the management partake in good faith bargaining.	120.59	368.147	.108	.917
The union bargains, negotiates and convinces the management by offering better conditions of employment to improve the living standards of its members.	120.65	342.503	.709	.909

The labor union and the management to continually bargain to make small changes to ensure positive employment policies.	120.46	369.022	.141	.916
The collective bargaining helps to promote democracy in the corporation by letting employees to participate in employment affairs.	120.58	366.794	.176	.916
The bargaining system in the corporation is based on objective assessment and adequate information.	120.47	361.838	.344	.914
The collective bargaining goes through dialogue and consensus.	120.24	366.605	.240	.915
The labor union representatives have strong positions to monitor the implementation of the collective agreement of the corporation.	120.64	352.464	.624	.911

APPENDIX 4. Summary of responses in percentage

Statistical summary of responses on the role of the labor union in ensuring the benefits of its members

No	Questions	Level of Agreement	Frequency	Percent	Valid Percent	Cumulative Percent
1	The labor union actively participates to improve the financial conditions of employees.	Strongly Disagree	13	6.8	6.8	6.8
		Disagree	12	6.3	6.3	13.2
		Neutral	19	10.0	10.0	23.2
		Agree	103	54.2	54.2	77.4
		Strongly Agree	43	22.6	22.6	100.0
		Total	190	100.0	100.0	
2	The labor union has strong involvement in improving and regulating such issues as working conditions, employee safety, training and layoffs.	Strongly Disagree	26	13.7	13.7	13.7
		Disagree	13	6.8	6.8	20.5
		Neutral	20	10.5	10.5	31.1
		Agree	112	58.9	58.9	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
3	The labor union is strong in protecting employees from illegal practice by the management.	Strongly Disagree	13	6.8	6.8	6.8
		Neutral	59	31.1	31.1	37.9
		Agree	99	52.1	52.1	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
4	The labor union provides financial service for those employees who are in need of help (personal problem or legal case).	Disagree	13	6.8	6.8	6.8
		Neutral	50	26.3	26.3	33.2
		Agree	89	46.8	46.8	80.0
		Strongly Agree	38	20.0	20.0	100.0
		Total	190	100.0	100.0	
5	The representatives of the labor union make efforts to identify and utilize the potential of the members.	Strongly Disagree	26	13.7	13.7	13.7
		Disagree	64	33.7	33.7	47.4
		Neutral	43	22.6	22.6	70.0
		Agree	57	30.0	30.0	100.0
		Total	190	100.0	100.0	
6	The members of the labor union are well communicated about changes in the corporation by the labor union.	Disagree	45	23.7	23.7	23.7
		Neutral	70	36.8	36.8	60.5
		Agree	56	29.5	29.5	90.0

		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
7	The labor union makes sure that members get their proper benefits and bonuses as agreed on the collective agreement.	Disagree	58	30.5	30.5	30.5
		Neutral	24	12.6	12.6	43.2
		Agree	108	56.8	56.8	100.0
		Total	190	100.0	100.0	
8	The labor union leaders give advices on how workers can exercise their rights and duties within the corporation.	Strongly Disagree	26	13.7	13.7	13.7
		Disagree	108	56.8	56.8	70.5
		Agree	18	9.5	9.5	80.0
		Strongly Agree	38	20.0	20.0	100.0
		Total	190	100.0	100.0	
9	The labor union has its own publications in order to increase the level of knowledge of its members and to defend their interests.	Strongly Disagree	38	20.0	20.0	20.0
		Disagree	69	36.3	36.3	56.3
		Neutral	65	34.2	34.2	90.5
		Agree	18	9.5	9.5	100.0
		Total	190	100.0	100.0	
10	The Labor union is seen as an important part of the corporation in supporting the interests of the members.	Disagree	25	13.2	13.2	13.2
		Neutral	33	17.4	17.4	30.5
		Agree	106	55.8	55.8	86.3
		Strongly Agree	26	13.7	13.7	100.0
		Total	190	100.0	100.0	

Statistical summary of responses on the roles of the labor union in promoting industrial democracy

No	Questions	Level of Agreement	Frequency	Percent	Valid Percent	Cumulative Percent
11	The labor union leaders consult with the members before entering into negotiation with the management.	Strongly Disagree	26	13.7	13.7	13.7
		Disagree	76	40.0	40.0	53.7
		Neutral	30	15.8	15.8	69.5
		Agree	39	20.5	20.5	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
12	The practices of the union are according to the interests and needs of the employees.	Disagree	12	6.3	6.3	6.3
		Neutral	27	14.2	14.2	20.5
		Agree	113	59.5	59.5	80.0
		Strongly Agree	38	20.0	20.0	100.0
		Total	190	100.0	100.0	

13	The labor union leaders allow workers, to directly deal with all aspects of management or industrial issues through their representatives.	Strongly Disagree	26	13.7	13.7	13.7
		Disagree	38	20.0	20.0	33.7
		Neutral	50	26.3	26.3	60.0
		Agree	76	40.0	40.0	100.0
		Total	190	100.0	100.0	
14	The labor union encourages employees to express or discuss their personal problems with their superiors.	Strongly Disagree	13	6.8	6.8	6.8
		Disagree	120	63.2	63.2	70.0
		Neutral	31	16.3	16.3	86.3
		Agree	26	13.7	13.7	100.0
		Total	190	100.0	100.0	
15	The labor union representatives have active participations in succession plan of the corporation.	Strongly Disagree	13	6.8	6.8	6.8
		Disagree	105	55.3	55.3	62.1
		Neutral	39	20.5	20.5	82.6
		Agree	33	17.4	17.4	100.0
		Total	190	100.0	100.0	
16	The labor union participates in modifications of contracts and procedural agreements in the corporation.	Strongly Disagree	13	6.8	6.8	6.8
		Disagree	32	16.8	16.8	23.7
		Neutral	43	22.6	22.6	46.3
		Agree	83	43.7	43.7	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
17	The labor union participates in the designing and implementation of employee reward systems	Strongly Disagree	26	13.7	13.7	13.7
		Neutral	38	20.0	20.0	33.7
		Agree	107	56.3	56.3	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
18	The involvement of the labor union is high in the corporation, in employees' promotion.	Strongly Disagree	32	16.8	16.8	16.8
		Disagree	96	50.5	50.5	67.4
		Neutral	25	13.2	13.2	80.5
		Agree	18	9.5	9.5	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
19	The labor union fully participates in strategic issues of the corporation.	Strongly Disagree	32	16.8	16.8	16.8
		Disagree	82	43.2	43.2	60.0
		Neutral	25	13.2	13.2	73.2
		Agree	51	26.8	26.8	100.0
		Total	190	100.0	100.0	
20	The involvement of labor union in maintaining industrial democracy is high.	Strongly Disagree	6	3.2	3.2	3.2
		Disagree	19	10.0	10.0	13.2
		Neutral	77	40.5	40.5	53.7

	Agree	77	40.5	40.5	94.2
	Strongly Agree	11	5.8	5.8	100.0
	Total	190	100.0	100.0	

Statistical summary of responses on the roles of the labor union in maintaining peaceful employment relation in the corporation

No	Questions	Level of Agreement	Frequency	Percent	Valid Percent	Cumulative Percent
21	The labor union aligns its objectives with the objectives of the management.	Disagree	13	6.8	6.8	6.8
		Neutral	78	41.1	41.1	47.9
		Agree	80	42.1	42.1	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
22	The labor union deals with the management to solve problems related to working conditions.	Disagree	26	13.7	13.7	13.7
		Neutral	18	9.5	9.5	23.2
		Agree	127	66.8	66.8	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
23	When any employee makes a mistake, fine or ban on the employee can be made in consultation with labor union.	Strongly Disagree	19	10.0	10.0	10.0
		Disagree	32	16.8	16.8	26.8
		Neutral	46	24.2	24.2	51.1
		Agree	55	28.9	28.9	80.0
		Strongly Agree	38	20.0	20.0	100.0
		Total	190	100.0	100.0	
24	The labor union works with the management to avert disciplinary and performance problems in the workplace	Disagree	32	16.8	16.8	16.8
		Neutral	101	53.2	53.2	70.0
		Agree	38	20.0	20.0	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
25	The labor union allows members to make their grievances heard.	Strongly Disagree	13	6.8	6.8	6.8
		Neutral	24	12.6	12.6	19.5
		Agree	82	43.2	43.2	62.6
		Strongly Agree	71	37.4	37.4	100.0
		Total	190	100.0	100.0	
26	The labor union pressures the management to give timely remedy for any labor-management disagreement.	Strongly Disagree	37	19.5	19.5	19.5
		Disagree	13	6.8	6.8	26.3
		Neutral	83	43.7	43.7	70.0
		Agree	57	30.0	30.0	100.0

		Total	190	100.0	100.0	
27	The labor union is effective in resolving disagreements and conflicts with the management.	Strongly Disagree	14	7.4	7.4	7.4
		Disagree	37	19.5	19.5	26.8
		Neutral	101	53.2	53.2	80.0
		Agree	31	16.3	16.3	96.3
		Strongly Agree	7	3.7	3.7	100.0
		Total	190	100.0	100.0	
28	There is effective use and incorporation of conflict resolution techniques by the union and the management.	Strongly Disagree	12	6.3	6.3	6.3
		Disagree	71	37.4	37.4	43.7
		Neutral	69	36.3	36.3	80.0
		Strongly Agree	38	20.0	20.0	100.0
		Total	190	100.0	100.0	
29	The labor union has mutual understanding, trust and cooperation with the management.	Strongly Disagree	24	12.6	12.6	12.6
		Disagree	13	6.8	6.8	19.5
		Neutral	62	32.6	32.6	52.1
		Agree	72	37.9	37.9	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
30	The presence of the labor union is the key to maintain peaceful relationship between the management and workers.	Strongly Disagree	13	6.8	6.8	6.8
		Disagree	50	26.3	26.3	33.2
		Neutral	12	6.3	6.3	39.5
		Agree	77	40.5	40.5	80.0
		Strongly Agree	38	20.0	20.0	100.0
		Total	190	100.0	100.0	

Statistical summary of responses on the practices of collective bargaining

			Frequency	Percent	Valid Percent	Cumulative Percent
31	The labor union encourages members to bring employment issues that need a collective bargaining.	Strongly Disagree	26	13.7	13.7	13.7
		Disagree	101	53.2	53.2	66.8
		Neutral	26	13.7	13.7	80.5
		Agree	37	19.5	19.5	100.0
		Total	190	100.0	100.0	
32	When the labor union has labor issues to discuss with the management, the management is willing to bargain on time.	Strongly Disagree	13	6.8	6.8	6.8
		Disagree	25	13.2	13.2	20.0
		Neutral	24	12.6	12.6	32.6
		Agree	52	27.4	27.4	60.0
		Strongly Agree	76	40.0	40.0	100.0

		Total	190	100.0	100.0	
33	Both the labor union and the management partake in good faith bargaining.	Strongly Disagree	25	13.2	13.2	13.2
		Disagree	41	21.6	21.6	34.7
		Neutral	14	7.4	7.4	42.1
		Agree	110	57.9	57.9	100.0
		Total	190	100.0	100.0	
34	The union bargains, negotiates and convinces the management by offering better conditions of employment to improve the living standards of its members.	Strongly Disagree	13	6.8	6.8	6.8
		Disagree	65	34.2	34.2	41.1
		Neutral	32	16.8	16.8	57.9
		Agree	61	32.1	32.1	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	
35	The labor union and the management to continually bargain to make small changes to ensure positive employment policies.	Disagree	42	22.1	22.1	22.1
		Neutral	68	35.8	35.8	57.9
		Agree	73	38.4	38.4	96.3
		Strongly Agree	7	3.7	3.7	100.0
		Total	190	100.0	100.0	
36	The collective bargaining helps to promote democracy in the corporation by letting employees to participate in employment affairs.	Strongly Disagree	6	3.2	3.2	3.2
		Disagree	56	29.5	29.5	32.6
		Neutral	44	23.2	23.2	55.8
		Agree	79	41.6	41.6	97.4
		Strongly Agree	5	2.6	2.6	100.0
		Total	190	100.0	100.0	
37	The bargaining system in the corporation is based on objective assessment and adequate information.	Disagree	45	23.7	23.7	23.7
		Neutral	70	36.8	36.8	60.5
		Agree	62	32.6	32.6	93.2
		Strongly Agree	13	6.8	6.8	100.0
		Total	190	100.0	100.0	
38	The collective bargaining goes through dialogue and consensus.	Disagree	19	10.0	10.0	10.0
		Neutral	78	41.1	41.1	51.1
		Agree	80	42.1	42.1	93.2
		Strongly Agree	13	6.8	6.8	100.0
		Total	190	100.0	100.0	
39	The labor union representatives have strong positions to monitor the implementation of the collective agreement of the corporation.	Disagree	52	27.4	27.4	27.4
		Neutral	95	50.0	50.0	77.4
		Agree	24	12.6	12.6	90.0
		Strongly Agree	19	10.0	10.0	100.0
		Total	190	100.0	100.0	