

ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF HUMAN RESOURCE MANAGEMENT



**Effect of Labor Union Function on Human Resource
Functions: The Case of Ethio Telecom Head Office**

By

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A thesis submitted to the department of Human Resource Management of Addis Ababa University School of commerce in partial fulfillment of the requirements for the degree of Master of Arts in Human Resource Management

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Declaration

I, **Meseret Seifu**, declare that this work entitled “*Effect of Labor Union Function on Human Resource Functions: the case of Ethio Telecom*”, is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my Research Advisor and internal examiner. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Master of Arts in human resource management.

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This is to certify that this thesis entitled as “**Effect of Labor Union Functionon Human Resource Management Practices: the case of Ethio Telecom**”, submitted in partial fulfilment of the requirements for the degree of Master of Arts in human resource Management to the School of Commerce of Addis Ababa University, done by **Meseret Seifu** is an authentic work carried out by her under our guidance. The theme embedded in this thesis has not been submitted earlier for the award of any degree or diploma in any other university to the best of our knowledge.

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ACRONYMS AND ABBREVIATIONS

HRM	Human Resource Management
ET	Ethio Telecom
OSHA	Occupational Safety and Health Administration
SPSS	Statistical Package for Social Scientists
AFL	American Federation of Labor
CELU	Confederation of Ethiopia Labor Unions
AETU	All Ethiopia Trade Union
ETC	Ethiopian Telecommunications Corporation
CIO	Congress of Industrial Organizations

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Abstract

This study is aimed to assess the effect of labor union on human resource management function taking the case of Ethiopian public organization, namely, Ethio Telecom(ET). As the study intended to describe and explain the effect of labor union on human resource management functions, a cross sectional descriptive statistics explanatory study design was used to execute the study. Managers, supervisors and ET's labor union members are the study population who were invited to participate in the study. Data was gathered using the questionnaire from 248 respondents (supervisors and employees of ET) who were selected using the stratified random sampling technique. Besides, using well-structured interview questions, qualitative data was also collected from purposefully selected human resource managers. Both descriptive statistics and regression analysis has been used to reach on the results. Accordingly, the study found out that ET's labor union performs its service, representation and regulatory functions to a fairly large extent. It was also found out that a small percentage (27.9%) of the variation on human resource practices can be explained by the labor union's involvement in carrying out its service, representation and regulatory functions. The study concluded that labor union has significant impact on the way human resource management function are performed. Finally, the study recommended the need for a strong and active labor union that will positively influence and improve the practice of human resource management.

Key words: *Role of the labor union, Human resource management functions*

CHAPTER ONE

INTROODUCTION

In this introductory section, background of the study, background of the target organization, statement of the problem, objective of the study, research questions, limitation of the study, scope of the study, significance of the study, organization of the study will be briefly addressed.

1.1. Background of The Study

There is much less literature regarding how unions affect or influence management function, and human resources function. Union has influence on various human resource function like recruitment, placement, training, compensation, industrial relation. Similarly, it also has effect on various functions of human resource management like staffing, organizing, planning etc. Union can add immense value to the employee welfare by assisting and persuading the organization to provide training to the organization. The union must play an active role to force organization to train employees for their overall skill development as a fringe benefit since the core emphasis is on benefits. The connection between tenure and firm specific training was strengthened in the presence of an active union. (Ignace and Dennis, 2008).

The management must negotiate with the union in most of the issues. In unionized workplaces, however, the role of the union leadership may be equally important and hence workers' attitudinal and behavioral reactions to HRM innovation can be influenced by the guidance they received from their local union leader. Therefore, the leading function of the HRM may be affected by the union actions (Hirsch B. T., 2009).

It is a well-known fact that unions always focus for promoting and well-being of employees within the organization. As a result, management must limit its channels of external recruiting, if possible, insisting the criteria for selection as to physical test only. Thus, this may affect the staffing function of HRM. In addition, firms that perceived their trade unions as powerful were less likely to implement HR strategies to increase numerical flexibility indicators such as temporary employees, part-time employees, and subcontracting. There are some basic differences between the evaluation criteria between unionized and non-unionized firm. Nonunion firms were more likely to employ more subjective evaluation criteria, while unionized firms employed more objective ranking evaluation such as the benchmark method to reduce favoritism and to maintain its ability to question management decisions. (Hirsch B. T., 2009).

Union also places a significant impact on the promotion and performance evaluation system of the organization. Unions are known for formalizing promotion procedure, by writing the policy in paper, as compared to nonunion firms. Unions promote the use of novel HR practices. One argument, building on the concept of inefficiency is that unions may engender “shock” and “voice” effects, leading management to adopt more progressive, efficiency-enhancing HR innovations. Thus, many of the components of a high-performance HR system (for example, training, fair selection processes, and priority given to internal recruitment) are consistent with the interests or demands of unions and may act as a complement to, rather than a substitute for, unionism.

Unions have got influence on organizing aspect of the HRM. They need to assign various authorities and responsibilities to fulfill the firms’ wide objectives. Union plays a significant role to bridge the gap between them by developing a good image of the management in the eye of the

workers through their various incentive programs. Managements that adjust to the union and turn unionism into a positive force at workplace reap the benefits in the long run.

Unions help to improve high performance of work. They encourage firms to work beyond their self interest, and to take an organization-wide and long term perspective which ultimately leads to the development of the employee. Unions provide job security and help to foster a steady workforce which increases the net benefits of Human Resource Work Practice. Finally, union are the one who act as a bridge between management and employee and thus help to widen collaboration and commitment by building trust between them. There is evidence that employee voice makes an important contribution to workplace performance by avoiding costly disputes; reducing exit behavior, including quits, absenteeism, malingering and quiet sabotage; and facilitating employee involvement (Hirsch B. T., 2009).

Union identify various rules and regulation that are utmost for the welfare of the workers and is an influencing factor for getting these laws enacted. They have encouraged their members to exercise workplace rights and participate in programs by reducing fear of employer retribution, helping members navigate the necessary procedures, and facilitating the handling of workers' rights disputes.

The effect of union on HR function does not only dependent on each other but it is also determined by the relationship between the management and union. The outcome of union action on HR function cannot be judge without considering the relation they have with each other. It can be concluded that productivity does not depend on what unions and management do separately, but on their relationship with one another and suggest that cooperative industrial relations promote the positive aspects of unionism and uncooperative industrial relations increase the negative aspects of unionism.

Labor unions are struggling to secure benefits for their members, such as financial gains like raise of wages, bonuses, various allowances insurance benefits, overtime payment and non-financial benefits such as job security, comfortable work place recreational facilities and decreasing fear of employer through collective bargaining (Khan and Khan, 2011).

According to Ewing (2005), Trade unions have several functions, some of which have been more prominent than others at different periods in history. But over the course of time trade unions have developed five principal functions. These are a service function; a representation function; regulatory function; a government function; and a public administration function. A union is an organization with the legal authority to represent workers, negotiate the terms and conditions of employment with the employer, and administer the collective agreement. An organization that represents the workers and in collective bargaining has the legal authority to negotiate with the employer and administer the labor contract.

HRM is concerned with the management of employees from recruitment to retirement. Although there are many functions of human resource management, such as, Recruitment and Selection, Training and development, Orientation, Maintaining good working conditions, Managing employee relation. In an organization among other resources, human resources are one of the most critical and valuable resource to achieve organization objective. Human resource (HR) can be defined as the most important resource to affect production performance in organizations Effectiveness and efficiency of an organization cannot be achieved without effective management of human resource (Stone, 2008).

Hence, the study assesses the effect of Labor Union function on HRM functions, in the case Ethio Telecom in Addis Ababa particularly in Head Office.

1.2. Background of The Company

Ethio telecom, previously known as the Ethiopian Telecommunications Corporation (ETC), is an integrated, state owned and sole telecommunications services provider in Ethiopia. providing data/internet and telephone services for about 66.2 million customers. It is operating with the vision to become a world class telecom service provider. The company aims to provide world class, modern and high-quality telecom services for all citizens equitably so as to transform the multifaceted development of the country to the highest level. Ethio telecom was managed, on a management contract arrangement from 2010 to 2013 June, by France Telecom, and was required to comply with Ethiopian Government orders. The government said it outsourced the management as ETC was not able to meet the demands of the fast-growing country. Government stand firmly with its position of not privatizing the company stressing its positive contributions to the country's development. When we come to Ethio telecom Labor Union initially founded 8th January, 1958 E.C, and recognized in 1968 E.C. and it have 10363 members in Addis Ababa, and in different Addis Ababa zonal, and Regional offices. Its role is to represent, and protect the interest of the employees, to secure the rights and benefits, to protect the employees from unfair decision taken by the management by bargaining as per the collective agreements, improving work place peace, and protecting or securing the interest of the employer by exhorting the workers to work hard, and ultimately to increase good relationship between employee and employer. source : Ethio Telecom basic Labor Union, Megazin of the (2005).

1.3. Statements of the Problem

According to Ali Soylu, and Preeti Singh, (2017), The primary role of labor unions is to fight for its members so that their members will have better rights, working condition, wages, and benefits. On the other hand, management introduces and implements certain Human Resource practices that utilizes human resources in building a competitive advantage and improve organizational performance. Results from empirical studies show that strong trade unions can influence a company's HR practice by adopting softer Human Resource practices than hard ones.

According to Collins (2013), and other very recent related articles on Labor Union role practices show a gap in terms of maintaining working condition, securing employees salary and benefits, creating harmonious relationship between management and employees, conflict resolution, disciplinary action, and employees participation, collective bargaining of employees and thereby in enhancing employees efficiency.

In the case of Ethio Telecom, labor union, representatives are repeatedly being absent from their roles assigned as a committee for employee's promotion, transfer, grievance handling, collective bargaining committee, and external training, even if does not attend their fixed schedule for disciplinary cases that are under investigation. Union leaders do not follow whether the representatives perform their assigned roles or not, and there is no way of communication between member employee and labor union leaders. This study will focus on the gap created by the labor unions representative on assigned activities to support HRM function.

This research attempts to find out the Effect of labor union function on HRM functions. To study the labor union practice of Ethio telecom and find out its roles on different human resource activities and industrial relations.

1.3. Research Investigation

The study attempted to find answers for the below major research questions:

1. How well do the union representatives perform a representative function in maintaining good relationship with employee and employer?
2. How well do the union representatives perform a Service function in maintaining good relationship with employee and employer?
3. How well do the union representatives perform a regulatory function in maintaining good relationship with employee and employer?
4. What is the relationship between labor union function and Human resource functions?
5. How do union activities affect the HR functions?

1.4. Objectives of The Study

1.4.1. General Objective

The general objective of this study is to assess the effect of labor union function on human resource functions in the case of Ethio Telecom Head Office.

1.4.2. Specific Objective

Specifically, the study sought to achieve the following objectives: -

- To assess how well the union representatives, perform a Representative, functions in maintaining good relationship with employee and employer.
- To assess how well the union representatives, perform a Service, functions in maintaining good relationship with employee and employer.
- How well the union representatives perform a Regulatory function in maintaining good relationship with employee and employer.
- To assess the effects of labor union on HRM function in Ethio Telecom by using regression analysis to see the relationship.
- To assess the union activities, affect the HR function or not by applying correlation statistics.

1.5. Significance of The Study

The study enables the company to provide information related to the role of labor union and industrial relation and forwarding some possible solutions to the union to alleviate the problems which are manifested in facilitating HRM function and strengthen the relationship between the employer and employee during collective bargaining agreement negotiations. This research work facilitates further studies by other researchers who have an interest in understanding the role of labor union in facilitating HRM function, and industrial relation. Additionally, it will provide insights to students to gain wider knowledge on the role of labor union. Furthermore, the study will have great importance to the human resource management in creating awareness and to have better understanding about the contribution of the union involvement in the decision-making process to bring the desire change to the company

1.6. The Scope of the Study

Conceptually, the study deals with the role of Labor/Employee union in facilitating HRM functions. HRM has three core functions, Managerial, Operative, Advisory function. This study focuses only in operative functions. **Operative Functions** are those tasks or duties which are specifically entrusted to the human resource or personnel department. These are concerned with recruitment and selection, training & development, compensation, industrial relation, and maintenance of personnel of the organization.

Geographically, the scope is limited to Ethio Telecom's Head Office which is based in Addis Ababa, Ethiopia at which both the central human resource management and labor union representatives are located. The other reason is the fact that Ethio telecom has 15,115 permanent staff, as of March 2018, out of this 10,363 are labor union members who are working in Addis Ababa under the head office structure.

In terms of time scope, the data was collected at the time of the survey and hence it is cross sectional, allowing respondents to remember their three-year experience and observation.

1.7. Limitation of the Study

There is a limited accumulated knowledge concerning the effect Labor Unions function on Human Resource functions, is one possible expected limitation, but tried to revised books written on research methods as well as previously prepared thesis papers, journal articles were reviewed to quickly improved the knowledge regarding the processes of research.

1.8. Conceptual and Operational definitions

1.8.1. Conceptual Definitions

Collective Bargaining Procedures: collective bargaining procedures consider the active participation of labor union members and representatives in the whole issues of employment conditions.

Labor Union: - is organizations of workers whose primary objectives are to improve the financial & nonfinancial conditions of employment among their members.

Role: -is a set of connected behaviors, rights, obligations, and beliefs, and norms as conceptualized by people in a social situation. (Armstrong, 2008).

“Industry”: Industry refers directly to productivity – when one or many individuals are engaged in a productive task we call those people “industrious”.

“Relations”: In the context of “Industrial relations”, the word refers to any relationship that exists within a productive sphere between an employer and his employees and the union that represents them.

HRM: is defined as a strategic and coherent approach to the management of an organization’s most valued assets. The people working there who individually and collectively contributes to the achievement of its objectives (Armstrong 2006).

Operative Functions: are those tasks or duties which are specifically entrusted to the human resource or personnel department. These are concerned with employment, development, compensation, integration and maintenance of personnel of the organization.

Employment is a contract in which one person, the employee, agrees to perform work for another, the employer.

Human resource development is part of human resource management that specifically deals with training and development of the employees.

Compensation is the total cash and non-cash payments that you give to an employee in exchange for the work they do for your business. It is typically one of the biggest expenses for businesses with employees. Compensation is more than an employee's regular paid wages. It also includes many other types of wages and benefits (Armstrong 2006).

1.8.2. Operational definitions

- o Effect of Labor Union-measured by the extent the labor union performs its service, representatives and regulatory functions so as to facilitate/influence humane resource to carry out its functions
- HRM practices relate to specific practices, formal policies, and philosophies that are designed to attract, develop, motivate, and retain employees who ensure the effective functioning and survival of the organization. The practices are measured by the extent the HR practices recruitment and selection, capacity development, compensation management practices etc.

1.9. Organization of the study

The research report will be organized in five chapters. Chapter one will deal with the introduction part of the study. Chapter two will discuss with review of related literatures, that discusses in detail the theoretical aspects of the subject under study. Chapter three will deal with methods of the study like the type and design of research, sample and sampling technique, instrument for data collection, procedure for data collection method of data analysis, validity and reliability and ethical consideration. Chapter four will deal with data presentation, analysis and interpretation. And the last chapter, chapter five will deal with summary, conclusion, and recommendation

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Background

2.1.1. Evolution of Labor Union

As an organized movement, trade unionism originated in the 19th century in Great Britain, continental Europe, and the United States. In many countries it is synonymous with the term labor movement. Smaller associations of workers started appearing in Britain in the 18th century, but they remained sporadic and short-lived through most of the 19th century, in part because of the hostility they encountered from employers and government groups that resented this new form of political and economic activism. At that time unions and unionists were regularly prosecuted under various restraint of trade, and conspiracy statutes in both Britain and the United States (Armstrong, 2005).

The trade unions of Ethiopia have a total membership of approximately 300,000, and over 203,000 are members of the Confederation of Ethiopian Trade Unions (CETU). (ITUC website, accessed 14 May 2008).

An organized labor movement came late to Ethiopia. This was due, in part, to the small size of its industrial working force (which was estimated to number 15,583 in 1957), but more

importantly because the Ethiopian government viewed any type of organized protest as a form of insurrection.

Although the 1955 constitution guaranteed the right to form workers' associations, it was not until 1962 that the Ethiopian government issued the Labor Relations Decree, which authorized trade unions. In April 1963, the imperial authorities recognized the Confederation of Ethiopian Labor Unions (CELU), which represented twenty-two industrial labor groups. By 1973 CELU had 167 affiliates with approximately 80,000 members, which represented only about 30 percent of all eligible workers. The CELU drew its membership from not only the railway workers, but included workers at the Addis Ababa Fiber Mills, Indo-Ethiopian Textiles, Wonji Sugar Plantation, Ethiopian Airlines and General Ethiopian Transport (also known as the Anbassa Bus Company).

CELU never evolved into a national federation of unions. Instead, it remained an association of labor groups organized at the local level. The absence of a national constituency, coupled with other problems such as corruption, embezzlement, election fraud, ethnic and regional discrimination, and inadequate finances, prevented CELU from challenging the status quo in the industrial sector. Further, both management and government officials treated the unions with contempt. As Keller notes, "The government was slow to revise archaic labor laws such as those which dealt with child labor and the minimum wage. Union leaders were harassed, and when unions threatened to strike, they were 'locked out. CELU had organized general strikes in 1964, and 1970, but each time failed to attract necessary widespread support.

2.1.2 The Meaning of Labor Union

There are several definitions about the meaning of labor union by different scholars.

Labor unions are organizations in which employees bond together to create a collective voice for negotiations with the employers. While some view labor unions as a negative, they actually can have several positive effects on the labor market in general. They can help both employers and employees, if they are utilized correctly (Altenburg, 2010, 2012).

Again labor unions are organizations which are formed to protect the rights and interests of people working in a specific trade or profession. There are a variety of labor unions, and through these labor unions, employees receive benefits including health, pension, and educational discounts (Altenburg, 2010, 2012).

According to Radcliffe (1979), Employee/Labor Unions are organizations that negotiate with corporations, businesses, and other organizations on behalf of union members. There are trade unions, which represent workers who do a job, and industrial unions, which represent workers in a industry.

According to Lewis (2010), unions play a pivotal role both in securing legislated labor protections and rights such as safety and health, overtime, and family/medical leave and in enforcing those rights on the job. Because unionized workers are more informed, they are more likely to benefit from social insurance programs such as unemployment insurance, and workers compensation. Unions are thus an intermediary institution that provides a necessary complement to legislated benefits and protections (Altenburg, 2010).

2.1.3 Objective of Labor Union

Labor 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. During the last few years Trade unions increased the range of services they offer their members beyond representation, 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.

2.1.4 Types of Labor Unions

2.1.4.1 The craft union: The earliest form of trade union was of a craft type, in which the possession of certain trade skills was the basis for organization, and in which these skills could be identified with jobs capable of being demarcated from others. For example, all carpenters belong to the carpenters' union; the plasterers belong to the plasterers' union.

2.1.4.2 Industrial unions: These unions include ranks all workers, skilled and unskilled, who are employed within a given industry (railroads, steel etc.). They are often called as vertical organization as they include the far ranging population of workers within an industry, skilled or unskilled. The knights of labor and industrial workers of the world were examples of this form.

2.1.4.3 The professional and white-collar unions: They are concerned with non-manual workers and may be occupationally or industrially oriented. It may possess some certain

qualification as craft unions. It mainly exists in the white collar area. For instance, police, bank employees, teachers and so on. It is worth adding that some professional organizations, such as the British Medical Association, though not regard themselves as trade unions, but performs trade union functions on behalf of their membership and also other activities such as promotion of research, and the publication of professional journals. In Finland AKAVA, the unions for professional and

managerial staff is a trade union for white collar professionals with university, professional or with high level education.

2.1.4.4 General Union: A trade union which has no form of restriction on categories of workers who may join. General unions are open unions and are generally large. The Ethio Telecom labor union is a general union.

2.1.5 The Function of Trade Unions

According to Ewing, (2005) Trade unions have several functions, some of which are more prominent than others at different periods in history. But as the history of trade unionism has unfolded, we know now that trade unions have at least the following five functions: Service function, Representation function, Regulatory function Government function, Public administration function.

These different functions represent a different stage in the emerging maturity of trade union organization: the service function is thus the activity of a fledgling and immature organization, and the public administration function in some respects the apotheosis of trade union ambition in a social democratic society. Each of these functions is largely self-evident.

2.1.5.1 A service Function: means a function which involves the provision of services and benefits to members. The provision of services and benefits takes two forms.

One is in sense in the form of benefits such as safety and health, unemployment benefits, modernized to include discount insurance or car hire, as the traditional service functions have been taken over by the State. The other is professional services, notably legal advice and representation to help with problems at work, accidents on the way to work, or problems unrelated to work. With the retreat of the regulatory role of trade unions, trade unions thus have a role in enforcing the rules made by others, in this case Parliament. But although these are important forms of support, they are not distinctively trade union forms of support: they are not activities which are unique or unique in their effectiveness to trade unions.

2.1.5.2 A representative Function means simply that the trade union will represent the interests of the employee in the workplace. This may take the form of individual representation in which case the representation may be an extension of the union's service function in the sense that the union is providing the service of representation to those who may have a grievance or a disciplinary problem. Representation may take the form of providing professional support and a lay advocate or companion in any forum for handling individual disputes. But it may also take the form of collective representation in which case the representation may be close to the regulatory function of the trade union. Collective representation may take several forms, including consultation, bargaining, promotion and transfer, selection for different training on behalf of the workforce as a whole, for members, and non

members alike. This process of collective representation will be regulatory in impact in the sense that its outcomes will typically apply to all the workers in the bargaining unit represented by the union. This is so even though in principle both individual members of the union as well as non-members will have the right as individuals to negotiate their own terms and conditions of employment. But the regulatory impact of the process of collective representation will be limited in the sense that its outcomes will apply only to the enterprise (or a part thereof) within which these outcomes are negotiated: they will not typically have an effect beyond the enterprise, though it would be open to other employers to apply them, and for the employer so bound to insist that they are observed by suppliers, and contractors.

2.1.5.3 The Regulatory Function of trade unions acknowledges that trade unions are involved in a process of rule-making that extends beyond their members or the immediate colleagues of their members. This is a function that can be performed in one of two ways: directly and indirectly. It can be done directly through multi employer collective bargaining, such as the Joint Industrial Councils which set terms, and conditions for an industry or sector.

Indirectly through regulatory legislation which trade unions play a part in securing. So far as the regulatory function of collective bargaining is concerned, this arises mainly by the scope and extent of the bargaining process. Thus collective agreements concluded in this way will set rates not only for nonunion members but also for enterprises where the union may not be recognized and may not have any rights of collective representation.

The regulatory role is reinforced where there are legal mechanisms in place designed to

extend an agreement so that it applies to employers in the sector even though they were not party to it by membership of the employers' federation. In a regulatory as opposed to a representational system of collective bargaining it is less likely that a worker will have to be a member of a trade union in order to be covered by a collective agreement.

2.1.6 The Role of Unions and Their Relationship to HRM

The role that unions play, accepting, promoting or rejecting certain HRM practices, and that of the overall labor relations environment have been usually examined in terms of either “the union substitution effect” or the “mutual gains” hypotheses. First introduced by Kochan,(1980), as an alternative employer strategy to “union suppression”, the idea that HRM practices operate as a substitute to unions has been generally accepted by the literature, despite its insufficient empirical support. In contrast, some authors within the field of industrial relations have argued that the implementation of these practices may generate a “mutual gain” and create opportunities for union renewal, enabling unions to abandon their traditional adversarial role in favor of a new one, more partnership oriented. “the high-performance paradigm is best practice not only for employers, but also for workers and, potentially, for their unions”.

According to Machin, and Wood (2005), “one of the key hypotheses of modern industrial relations, is that unionism has been replaced by alternative non-union forms of voice, and communication through the adoption of HRM practices” (2005), Within this frame, HRM is thought of as a substitute to unions and as an alternative more indirect employer strategy to discourage unionism. The argumentation is further consistent with the decline of unions, both in the USA, and Great Britain, because of “the effects that positive employer practices have in reducing the causes of unionism” Fiorito,(2001). The rationale is founded on the assumption that

firms would always prefer to follow “a non-union path, emphasizing individual rather than collective agreements” as argued by Guest (1989), who goes as far as hypothesizing that “a company may pursue non-union policies or remain fortuitously non-union without practicing HRM.” The empirical evidence, though, is at best mixed with respect to the adoption of HRM seeking to counteract union influence at the firm. The role of merit and performance related pay and communication methods that give direct voice to workers without third party mediation may be considered as the only exception (see the discussions in Machin and Wood, 2005 and in Godard, 2009). Further still, some of the reported results indicate that HRM might in fact be complementary to the organization of work in largely unionized workplaces, thus supporting the “mutual gains” opposing hypothesis recently reviewed by Gill, (2009).

Alternatively, the inability of the existing empirical literature to provide with robust evidence on the matter has been linked to union's capacity to fight the employer (strength) and willingness to do so (militancy) given they would serve as an “enforcement or forestalling agent”, so that the quality of industrial relations would mediate union impact on HRM function (Ramírez et al., 2007). Under that frame, powerful or militant unions with a poor relationship with management are likely to have a negative impact on the adoption of HRM function, at the extent that organizations characterized by large union militancy might exhibit a significantly lower likelihood of undertaking any HPP (Wells, 1993). In contrast, they may facilitate the effective adoption of HPP and HRM when they establish a ‘good’ relationship with management.

The distinction introduced in the HRM literature between traditional HRM Practices at times to be equated with calculative ones, particularly those centered in the control dimension, Kochan and Capelli, 1984; Walton, (1985), and new or “best practices” (Beer and Spector, 1985; Guest

1987) at times equated with commitment based or collaborative practices (Gooderham et al. 1999) may contribute to the proper understanding of these apparently inconsistent findings since they mobilize different set of interests for unions. In fact, Godard,(2009) proposes a further differentiation among practices, independently of whether they fit the previous categories, in terms of them being or not opposed to union interests, as would be the case of contingent pay schemes and alternative work practices (i.e. autonomous or semiautonomous teamwork, job rotations, etc).

All the above rationalizations are built under the assumption that a cause and effect' relationship exists between union action and HPP adoption. Therefore, if this were not the case, the contradictory conclusions reported in the empirical literature could have a common explanation. Indeed, if HRM, and unionization are instead seen as two distinct but related operational facets of firms that follow different paths depending on their characteristics, their linkages should be analyzed in terms of the role they play within organizations.

2.1.7 Functions of Human Resource Management:

Human resource management functions refer to tasks performed in an organization to provide for and coordinate human resources. The functions of HRM are concerned with a variety of activities that influence almost all areas of the organization. It can broadly classify into two categories.

- (I) Managerial Functions
- (II) Operative Functions

2.7.1.1 Managerial Functions: The basic managerial functions comprise planning, organizing directing and controlling.

1.2.7.1.1 Planning- Planning of personnel today prevents crises tomorrow. It involves formulating the future course of action. It also includes identifying human resource requirements and forecasting personnel needs.

2.7.1.1.2 Organizing- It is primarily concerned with proper grouping of personnel activities, assigning of different groups of activities to different individual and delegation of authority. It involves establishing an intentional structure of roles for people in an organization.

2.7.1.1.3 Directing- It is the process of directing all the available human resources towards organizational goals. It involves supervising and guiding the personnel without direction there is no destination.

2.7.1.1.4 Controlling- It is concerned with the regulation of activities in accordance with the plans. It is the comparison of results with the standards and correction of deviations that may occur. It makes individuals aware of their performance through review report and personnel audit.

2.7.1.2 Operative Function: The operative functions are related to specific activities of HRM. Viz: Procuring, Developing, Compensating, Integrating and maintaining the employees for attaining the organizational goals. These functions are also known as service functions.

2.7.1.2.1 Procurement/Recruitment- This function is concerned with procuring and employing people who possess necessary skill, knowledge and aptitude.

It includes following-

- i) **Job analysis-** It is the process of collecting information relating to the operations and responsibilities pertaining to a specific job.
 - ii) **Human resource planning-** involves forecasting the requirements and future supply of human resources. It assures an organization of suitable and adequate manpower performs various jobs in accordance with the organizational goals.
 - iii) **Recruitment-** It is the process of searching for prospective employees and stimulating them to apply for job in the organization. 55
 - iv) **Selection-** It is a process of choosing capable applicants according to the predetermined number out of a large number of applicants through different tests.
 - v) **Placement-** It means sending the newly employed person to some department for work. It is based on the qualification and qualities of the person selected.
 - vi) **Induction and orientation-** Induction is the welcoming process to make the new employees feel at home and generate in him a feeling of belonging to the organization.
 - vii) **Internal mobility-** The movement of employees from one job to another through transfer and promotion is called internal mobility.
- iv) Job Evaluation-** It is a systematic process of determining the relative worth of jobs to establish which jobs should be paid more than others within the organization.
- v) Performance Appraisal-** It is a systematic and objective way of evaluating work related behavior and potential of employees.
- vi) Compensation Administration-** The main purpose to design a low-cost pay plan that will attract, motivate and retain competent employees.
- vii) Incentives and Benefits-** In addition to basic wage structure, organization offer incentive compensation based on actual performance. It includes Social security, insurance, welfare amenities etc.

2.7.1.2.4 Maintenance- It has aims to protecting and preserving the physical and psychological health of employees through various welfare measures.

i) **Health and safety-**All employees are ensuring a work environment that protects from physical hazards and unhealthy condition.

ii) **Employee welfare-** It includes the services, amenities and facilities offered to employees within or outside the establishment for their wellbeing.

iii) **Social security measures-** To provide social security to employees in addition to fringe benefits. It includes maternity benefits, dependent benefits, retirement benefits, medical benefits, disablement benefits etc.

2.7.1.2.5 Integration Function- It helps to integrate the goals of an organization with employee aspirations through various employee-oriented programs. Such as

i) **Grievance redressal-** Every organization requires a permanent procedure for handling employee grievances resources to the organization.

2.1.8 Influence of Labor Union on HRM function

In most organizations, managers, and HRM departments have a primary responsibility for the implementation of work design practices. However, although they ultimately decide how work should be designed, numerous factors exist which potentially affect their decisions (e.g., organizational culture, organizational structure, management systems and leadership style, etc). Additionally, some researchers have recognized that existence of trade unions could also be an important factor that can shape the choice and implementation of various work design practices (e.g., Campion and Stevens, 1991; Mullins, 2005). While trade unions have been an important instrument of social change, their core influence and activity still remain in the workplace (Mishel and Walters, 2003). Their main concern is to maintain, and improve working conditions, assure increased leisure, bargain for higher salaries and benefits, create challenging

opportunities for career development, and obtain job security for each employee. Trade unions have historically had a strong impact and negotiation power in organizations, like receive paid leave, to have health insurance provided by employer, or to be included in employer-provided pension plans.

Although it has been widely confirmed that trade unions have a positive effect on various individual and organizational outcomes, their role in the implementation of different work design practices remains undefined. It is unclear whether the presence of a trade union will enable or make organizations likely to strive to enhance flexibility in workplace settings, to achieve flexibility in producing goods or providing services (Gittleman et al., 1998). Traditionally, trade unions have advocated standardized work rules and procedures that limit the variability in job characteristics between individuals within job categories (Grant et al., 2010). However, the role of trade unions has been weakening with the emergence of HRM policies, and the new paradigm in which organizations are taking care for employees through high performance work practices (Vokić, 2012). As a result, employers have autonomy to reorganize work in ways that trade unions would earlier oppose.

According to Croucher and Brewster (1998), a symbiotic relationship has been recognized in which the diminishment of trade unions, and the increase in flexible working have reinforced each other. Some of the research undertaken (e.g., Eaton and Voos, 1992; Lawler III et al., 1992; Houseman, 2001) confirmed that strong influence of trade unions constrains the usage of flexible working arrangements, and team employment within organizations. This means that organizations that are highly influenced by trade unions can potentially have problems with implementation of flexible working arrangements. While in some instances unions were likely to antagonize use of certain types of flexible working arrangements, considering them to be

constraints of employee's rights, there were also situations in which trade unions have been cooperative and helpful throughout the process (Cappelli and Sherer, 1989).

Gittleman et al. (1998) pointed out, collective bargaining sometimes resulted with rigid work rules. Trade unions have opposed certain new kinds of working practices fearing that they could result in a loss of protection provided by the existing rules, and that management could use changes in working practices to undermine them and their influence. At other times, however, trade unions have facilitated the process by participating in significant employee involvement programs (Eaton and Voos, 1992; Lawler III et al., 1992). Obviously, the link is not straight forward but it depends on the existing relationship among management, HRM practices and trade unions. Furthermore, the degree to which trade unions perceive changes to be in the interest of their members, together with the ability of trade unions to mobilize support for workplace reorganization, have also been recognized as important issues.

Labor unions protect workers' rights and negotiate for better employment terms, and conditions through collective bargaining. A healthy working relationship between management and union officials is vital to prevent, and resolve workplace disputes. The human resources department supports, guides, and trains managers to help them maintain effective working relationships with unions, such as ;

2.1.8.1 Labor Agreement

When a workforce becomes unionized, the company negotiates a labor agreement with local union officials. The labor agreement governs the relationship between the company, and the union. It lists the items that are subject to collective bargaining, such as wages, benefits, discipline and training. It also reserves certain items to the sole authority of management, such as

which products to produce, and the location of production. HR helps managers prepare for negotiations by gathering relevant data and helping plan the bargaining strategy.

2.1.8.2 Grievances

While the labor agreement is the foundation for the relationship, most of the day to day interaction between the union, and management involves the practicalities of implementation, as no agreement can account for every eventuality. When a dispute arises, the union raises a grievance on behalf of its member or group of members. HR supports supervisors to resolve grievances in a positive and constructive manner by providing training on the content of the labor agreement, and the skills required to deal with grievances rationally, and objectively.

2.1.8.3 Interest-Based Bargaining

Traditionally, the relationship between management and the union has been adversarial, with both parties engaged in position based bargaining. Increasingly, companies are implementing non-adversarial negotiations, such as interest based bargaining. Interest based bargaining requires parties to invest time and effort to understand each other's interests and helps them develop a more constructive relationship over time. HR can assist managers to move toward interest based bargaining by providing training, and coaching. HR professionals can also support managers by sourcing best-practice examples of interest-based bargaining from their HR network.

2.1.8.4 Communication

Unions have a significant effect on management decision making, challenge supervisory authority and prevent a company from formulating HR policy unilaterally. Such restrictions can

create tension between management and the union. However, managers benefit from meeting regularly with union officials to build their relationship and discuss forthcoming changes in the workplace that will impact employees' terms and conditions. HR can facilitate communication between management, and union officials by organizing meetings, providing guidance and sharing expertise.

2.9 Empirical Study

Several research have been conducted to assess the impact of trade unions in employees but most of them based on the relationship between politics of the country and the trade unions, there is also a research done by Ntwala Mwilima from the university of Witwatersrand in 2008 talking about the role of trade union in job creation on his research tried to focus what role can the trade union play on creating new jobs also there is another person did his research on the influence of labor unions in human resource practice from open university of malasia in 2010 . But there is a gap whereby they did not put much effort to see the impact of Trade Union on improving employees working conditions.

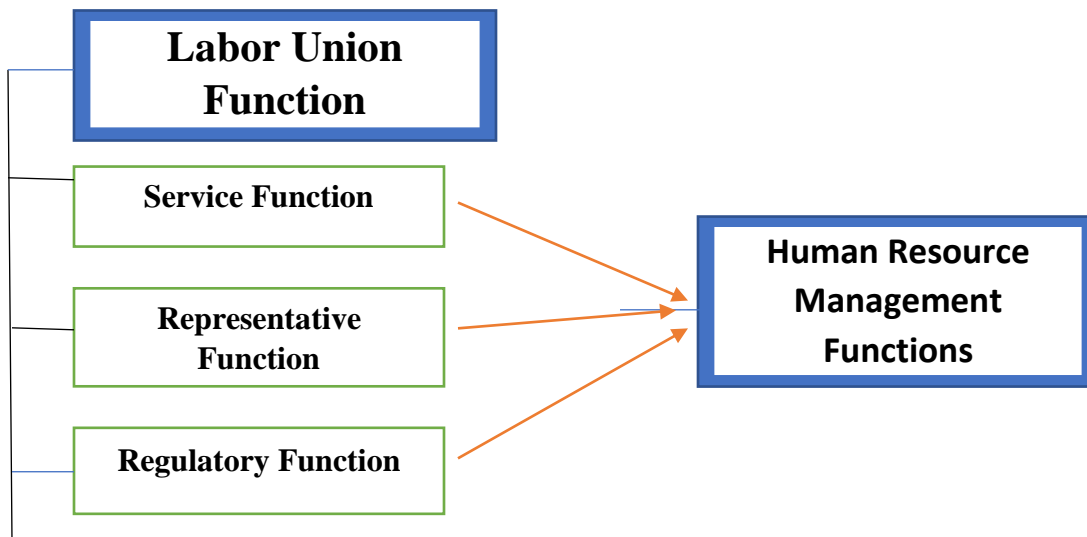
While reviewing an empirical study conducted in 1991 on south Korea labor unions, Guerin (2007) indicated that as a result of labor union representatives performing their representative

functions such as negotiating on behalf of employees, protecting employees from unfair treatment, unionized labors get extra 2 to 4% wages as compared to non-unionized labors. This clearly shows the level of influence labor unions can create on management decisions such as on salary and benefits.

2.10 The Conceptual Framework

The dependent variable is on the right side i.e., HRM function for which the change will be tested and the independent variable is the one on the left side union.

Figure 2.1. the conceptual framework showing the basic variables of the study



Source: (own) developed based on the reviewed literature

2.11 The Relationship between Labor Union function and HRM functions.

Koch and Hundley (1997) examined the impact of unions on recruitment and selection practices using data from a survey originally conducted at Columbia University of executives from 7,765 business units contained in the 1986 Compustat II Industry Segment files. The final sample included useable responses from 495 executives. This study analyzed two sub samples, one covering all industry groups, and another restricted to manufacturing. Results from this analysis indicated that in the all-industry sample, unionized firms were more likely to employ fewer methods of recruitment, such as newspaper, agencies, referrals, and walk-ins, than nonunion firms. The only exception was in the case of government agencies, where both union and nonunion firms were equally likely to use this channel. In addition, with partly unionized firms, the number of recruitment methods significantly declined with the increase in the degree of unionization of the firm. Partly unionized firms were also found to use fewer recruitment

methods for union jobs than for nonunion jobs. However, as explained in a later section, unionized firms showed a higher tendency to use formal employment tests. Although these two effects are seemingly opposite in nature, i.e., one reducing management flexibility while the other encouraging adoption of more rigorous testing, both effects are consistent with union need for greater formalization of management decision-making.

In other areas of HRM, Koch and Hundley (1997) found mixed support for the effect of unions on selection methods, such as skill, aptitude, drug, and physical tests. For example, they found only mild support for the proposition that unionized firms were more likely to use a larger number of selection methods. This effect was positive and statistically significant for the all industries sample, and positive but not statistically significant for the manufacturing sample.

Further, these researchers found that within a single firm, there appeared to be a similarity of union and nonunion selection methods indicating the strength of the threat effect with respect to selection methods. Essentially, the impact of unions appeared to increase the likelihood of the use of only drug tests and physicals and not skills and aptitude tests, but overall unionized firms have an increasing tendency to use formal employment tests.

Ng and Maki (1994), report on a comprehensive study of union nonunion differences in various human resource management practices using survey data from a sample of 356 organizations across a variety of industries including Food, Furniture, Fabricated Metals, and Electrical/Electronic Equipment to examine the impact of unions on. Using multivariate analysis to control for a variety of factors, they examined the impact of unions on a total of 37 HRM practices from hiring policies to training to promotion practices. With respect to hiring and

recruitment practices, they found that the presence of a union increased the likelihood that a firm would formally post jobs internally for open competition among current employees. In addition, unionized firms were more likely to impose formal probationary periods on new hires. However, regarding external recruitment practices, such as employee referrals, external job advertisements, and walk-ins, as well as the amount of previous job experience required of new hires, this study reported no significant difference. In a study of the auto parts industry, Kaufman and Kaufman (1987) found that unionized plants were nearly twice as likely to post jobs internally as their nonunion counterparts.

The evidence shows that unions appear to insist on promotion-from-within and the related use of internal posting-and-bidding. This, in turn, causes management to limit its channels of external recruiting, and to some extent, use only physical tests in selection. These findings are consistent with the internal labor market view of organizations (Doeringer and Piore, 1975).

Gramm and Schnell (2001) investigated the use of flexible staffing arrangements in core jobs and how these arrangements affect job security of regular core employees.

The researchers used their own surveyⁱⁱ to collect data from a random sample of human resource managers in Alabama establishments that in part employed flexible staff arrangements. Due to cost saving associated with using flexible staffing arrangements (FSAs), Gramm and Schnell argued that organizations pursuing low-cost production strategies would be more attracted to this method of employment. The authors hypothesized that companies that used FSAs to complete core tasks have a greater ability to adjust to temporary decreases in the demand for labor and therefore are less likely to layoff regular core employees. The role of unions is important in this analysis. Gramm and Schnell point out that on the one hand, unions act as a barrier to the

dismissal of workers without just cause which in turn, increases the desire of the employer to use FSAs to gain control of the cost of labor. Theoretically, the lower costs provide job security for regular core workers by insulating them from changes in the labor market. However, unions are often opposed to alternative employment arrangements and through collective bargaining, i.e., the use of monopoly power, insist on limiting the use of such labor. The results of their logistic regression indicated that increases in percentage of union representation decreased the likelihood of the use of FSA's. These findings support the view that unions reduce management flexibility even though the reduced flexibility may jeopardize job security for their members in the longer-run.

In addition, Gooderham and Nordhaug (2000), report that firms that perceived their trade unions as being powerful were less likely to implement HR strategies to increase numerical flexibility. Various indicators of numerical flexibility include the use of temporary employees, part time employees, and subcontracting. In fact, trade union power was found to have a “consistently more powerful effect” on the indicators of numerical flexibility than the level of competition

Sloan and Wooden (1994), examined the effect of unions on the extent of formal training provided by employers. The random sample of 2004 workplaces covered firms with a minimum of 20 employees; interview questionnaires were distributed to management and if applicable, union delegates. Kennedy et al.'s results indicate that the union impact on formally delivered training programs is positive, but only where unions are active in the workplace. In addition,

active unions also appeared to have a positive net effect on the amount of external training received. The researchers attributed this finding to the possibility that active unions “forced” firms to increase the amount of external general training to improve the overall skill development of the employees, or that unions encouraged firms to use general training as a fringe benefit. Further evidence of union impact on training comes from a study by Hundley (1989) using data from the May 1979 Current Population Survey. Hundley matched CPS data with the fourth edition of the Dictionary of Occupational Titles (DOT) and other industry variables drawn from the 197 Census of Manufacturing and collected job data on industrial, occupational, and workplace characteristics. The sample covered all private, non-managerial employees except for those in construction or extractive industries. Analyses were conducted for manufacturing and nonmanufacturing samples.

The results indicated that for the manufacturing samples, the effect of unions on specific training was positive. This finding is in agreement with the argument that unions benefit from increasing the level of specific training of their membership. In jobs where general education was required, the employees were less likely to be unionized. Hundley argued that since the voice effect of unions appears to reduce quit rates, employers may provide unionized employees with specific training, as they can collect returns on that training over a longer period of time. Nevertheless, employers may also want to reduce the amount of specific training to decrease “job-based” bargaining power available to the union.

Ng and Maki (1994), examined the adoption of job evaluation techniques across union and nonunion firms and found that both types of firms were equally likely to use a classification or point system method of job evaluation. However, nonunion firms were more likely to employ more subjective evaluation criteria, while unionized firms employed more objective ranking

evaluation such as the benchmark method. While management may find the use of subjective criteria suiting its purposes, unions insist on objective criteria in order to reduce favoritism and to maintain its ability to question management decisions.

In respect of promotion procedures, the Ng and Maki (1994) study also found that unionized workplaces were more likely to formalize promotion procedures than nonunion firms. This finding fits the pattern of union preferences in which they want management to formalize all procedures by writing them down in some form. It is in the formalization of procedures that the union ability to question management lies. The seniority rule is a highly formalized rule that may be inefficient for management but it gives the union considerable power in challenging managerial decisions.

In their study of the auto parts industry, Kaufman and Kaufman (1987) found that seniority as the sole basis for promotion was not common among either union or nonunion plants. However, if a worker could do the job then seniority became the decisive factor in many more unionized plants than in nonunion plants. Ability as the deciding factor in promotions was much more prevalent in nonunion plants than in unionized plants. The same pattern of differences were reported in the case of layoff decisions but the union-nonunion difference was statistically not significant.

There is fairly widespread and robust evidence that the presence of a union in the workplace greatly reduces the likelihood of a variable pay plan (VPP) being used. Betcherman et al. (1994) found that VPPs such as profits sharing, ESOP's, knowledge pay, merit pay, etc., were more often employed in non-union firms. The overall incidence of VPPs is close to 50% higher in

workplaces without a union. They found that the only VPP that more unionized firms than non-unionized firms implemented was productivity gainsharing, and that figure was only marginally higher than in non-union plants. In the case of other benefits, the study did not find any significant difference in family-care benefits between unionized and non-union firms, except for the incidence of employee assistance programs (EAPs) which were higher in unionized firms. Nearly 45.7% of the unionized firms offered EAPs, while only 28.8% of non-union firms provided them.

Employee Voice and Communications. There is a considerable body of indirect evidence that suggests that unions provide a significant amount of voice. As argued earlier, some of the best though indirect, evidence of union impact on management comes from an examination of management policies in the nonunion sector. In this section, a number of studies are reviewed that report on voice mechanisms in the absence of a union. While union threat can be a major factor in adoption of employee voice and communications by nonunion firms, it is important to note that this is not the only reason for which firms would adopt these practices. Other reasons would include a desire to improve efficiency, improve employee satisfaction and a desire to avoid costly law suits that may result from inappropriate employee discipline and discharge in the absence of employee voice.

In a sample of 18 cases from the UK, Gollan (2000) found only 11% of the workplaces to have a representative committee. Of the committees that do exist, these nonunion employee representation plans (NERs) discuss potentially threat effect-induced issues, such as pay, basic work conditions, hours, staffing levels, new technology organization, and the development of

new products and services. However, Gollan's evidence indicates that few committees have negotiation and bargaining rights; thus they are not as effective at affecting policy change. In addition, managers, not NERs, are primarily responsible for resolving grievances and conflict resolution. Thus, NERs appear to have limited ability to influence wages, policy and strategic issues, and how and when workplace changes are introduced. Aside from these limitations, NERs in the UK and Australia appear to represent good communication mechanisms but are less effective at influencing other substantive HR policies. The evidence from a Japan based survey^{viii} also provides similar evidence on possible indirect effect of unions on HR practices in the nonunion sector (Morishima and Tsuru, 2000). There is a wide range of non-union representation plans in Japan, e.g., some non-union firms work with employee representatives, while other nonunion organizations are more similar to trade unions. In addition, employee associations are also called "friendship societies" or staff councils, perhaps an attempt to indicate a type of collaboration or affiliation between the employer and employees. These bodies regularly discuss issues such as wages, benefits, health and safety and other issues over which unions bargain with the employer. Thus, effectively, many rights of representation are extended to the right to do so.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter addresses the design and methods by which the research questions of this proposed study is dealt with. Accordingly, the research design, target population, sample size, sampling technique, data source, data collection instrument, validity and reliability as well as, data analysis methods are discussed.

3.1. Research Design

Burns and Grove, (2003), define a research design as “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings”. Parahoo, (1997), describes a research design as “a plan that describes how, when and where data are to be collected and analyzed”. Polit et al. (2001), define a research design as “the researcher’s overall for answering the research question or testing the research hypothesis”.

To undertake this research, an explanatory research design was used. According to Yin, (1994) defined explanatory research, is a type of research design which focuses on explaining aspects of your study in a detailed manner, and quantitative approach were used. The researcher starts with a general idea and uses research as a tool which could lead to the subjects that would be deal in the incoming future. It provides details were small amount of information exists for a certain product in mind of that researcher. The explanatory research is not used to give us some conclusive evidence but helps us in understanding the problem more efficiently.

Accordingly, the study used such explanatory study design to assess the effect of labor union on HRM functions. The rationale for using the explanatory survey is that it helps in telling what the situation is in a systematic manner, it involves collection of accurate data for determining the current nature of the subject of the study. A explanatory research was used in that it is basically designed to find out the existing situation of a phenomenon of the concern. Besides, to explain the relationship between the independent variable labor union functions and dependent variable human resource functions.

3.2. Study Population and Sampling Techniques

Parahoo (1997), defines population as “the total number of units from which data can be collected”, such as individuals, artifacts, events or organizations. Burns and Grove (2003), describe population as all the elements that meet the criteria for inclusion in a study.

The target population of the study was member employees, HRM supervisors, HRM functional Managers, and Union Leaders of Ethio Telecom. According to Ethio Telecom Labor union March 31, 2018 report the total numbers of members’ employees at the Head quarter level is 965 / Nine hundred sixty five/. Due to the existence of large number of employees at Head quarter the researcher was consider only head quarter employee as total population, and finally the sample were taken from this population. Therefore, the samples were taken from Head quarter, and Stratified random sampling technique were employed by the researcher as means for selecting respondents. Stratified random sampling techniques was employed for selecting and interviewing managers of Ethio Telecom as it is important to purposely select those top managers having frequent interaction with human resource and labor union representatives.

3.3. Sample Size

According to Yamane (1994), provides a simplified formula to calculate sample sizes,

$$n=N/(1+N(e)^2).$$

According to Ethio Telecom Labor union report of March 31, 2018, the total numbers of members employees at the Head quarter level / Nine hundred ninety five / (992). The total

numbers of members employees of Ethio Telecom in head quarter were 992, from these populations, 24 were HRM supervisors, 3 HRM Managers, were non-management employees which includes Administrators, Specialists, professionals, clerks and other staffs. The total number of sample size, out of 992 employees, was determined by using the above sample size formula. To determine the most representative sample size by making confidence level 95%; confidence interval 5% and population size 992.

$$n=992/(1+992(.05)^2) = 285$$

According to the formula result the representative sample size is 285 employees including both employee categories and they will be taken as sample as they are assumed to represent the total population. This study will apply Stratified random sampling technique which is based on employee category to select a sample size of 285 respondents. This technique is preferred because it is used to assist in minimizing bias when dealing with the population. With this technique, the sampling frame can be organized into relatively homogeneous groups (strata) before selecting elements for the sample.

According to Janet (2006), this step increases the probability that the final sample will be representative in terms of the stratified groups. The strata was those management groups, labor union member employees, and HRM supervisors, who are working at head quarter. Accordingly, the respondents were selected randomly (based on random number generator of assigned serial numbers for each listed name of respondents) from each of those employee category (strata) based on proportional allocation. Thereafter, every respondent was selected randomly from each stratum to give equal chance of selection since the study targeted to all the employees. Therefore, this sample size contains 24 HRM supervisors, 3 managements, and 965 member employees will be participated on the survey.

Table 3.1 - Questionnaire distribution

Strata	Study Population	Proportional distributed sample	Response rate	
Management & Supervisor	27	3	3	100%
Member employee	965	282	245	87%
Total	992	285	248	87%

Source: own survey, 2018

3.4. Source of Data

The study used both Primary and Secondary Data. Primary data was collected using key data collection instruments- the questionnaire and interview methods. While secondary data was collected from available published records such as company reports, annual labor union reports, company magazines, manuals and procedures, work flow charts, and internet documents.

3.5. Method of Data Collection

The primary data was collected using the questionnaire. According to Yin (1994), the questionnaire is the appropriate method for research study as it helps collect data from large number of respondents in different categories without the need to have face to face interaction, saving time and cost. Besides, the survey questionnaire also enables one to collect standardized information in respect of the same variables for everyone in the sample selected Parfitt, (1997), cited in Zahari,2007). This makes the questionnaire an indispensable tool in gathering primary data about people, their behavior, attitudes, opinions and awareness of specific issues.

Considering the above advantages, the questionnaire having closed ended questions was used for this study.

In order to understand and analyze the broader perspective and philosophy of human resource manager, and labor union representatives, asking a Likert question to gather primary data relevant to answer research questions of the study have the intention of acquiring relevant information to find preliminary observation about the problem being studied.

3.6. Validity and Reliability

3.6.1. Validity

According to Adams et al., (2007), validity refers to whether the items measure what they are supposed to measure. To ensure the validity of the instrument, panel of experts/colleagues, will be invited to review the instrument. In order to check the response bias, few similar items will be repeated in different parts of the questionnaire. Thus, Content validity of the survey questionnaire will be validated by professionals and the research advisor. Based on the comments given by such experts and colleagues, all the necessary adjustment will be made. Besides, the research question, the conceptual framework and the data instrument will be aligned to ensure the content validity of the study.

3.6.2. Reliability

As proclaimed by Bhattacharjee (2012), reliability is the degree to which the measure of a construct is consistent or dependable. In other words, if we use a certain scale to measure the same construct multiple times, we will get pretty much the same result every time, assuming the underlying phenomenon is not changing. This research will administer the most commonly used internal consistency reliability measure of Cronbach 's alpha which was originally designed by

Lee Cronbach in 1951. According to Sekaran (2003), alpha values of less than 0.6 are poor, those in the 0.7 range to be acceptable and those over 0.8 are good. The reliability coefficient closer to 1 is better. Accordingly, a pilot test has been carried out using 10 respondents who will be excluded from the main data analysis and it was found out that chronbach's alpha value has been above 0.7. Then, once the entire data is collected, the reliability of the instrument will be measured again.

3.6.3. Reliability Test result of the Instrument

Table 3.2. Cronbach alpha results

		No of Sample	Cronbach's Alpha
Cases	Valid	10	
	Excluded	0	
	Total	10	.951

The above test result showed that the instrument is reliable and enough to measure what we would like to measure for the desired outcome of the study.

3.7. Method of Data Analysis

Sekaram, (2003) asserts that there are three objectives in data analysis; getting a feel for the data, testing the goodness of the data, and answering the research question. He notes that establishing the goodness of data lends credibility to all subsequent analysis, and findings because it measures the reliability and the validity of the measures used in the study. After gathering data from the questionnaire, the data was checked adequately for reliability and clarification.

Then, the collected data was entered into a computer and analyzed using Statistical Package for Social Sciences (SPSS version 20). Data analysis of this study was performed using quantitative methods to address the respective nature of the data collected and research questions available. Descriptive statistics, and regression analysis was used to locate the typical data and its variability using the measures of frequencies, central tendency and dispersion respectively. Variables are labelled as dependent and independent variable, not as one causes the other but to express the degree of relationship in which one could predict the other variable (Housden,2005).

3.8. Ethical Consideration

Letter of support was obtained from Addis Ababa University, School of Graduates. Additional permission was obtained from the concerned Ethio Telecom management and labor union representatives.

The representatives of the union are stand for their benefits to secure their own job, and career path by compromising the interest of its members at large. In nutshell, its existence as well as practice in employees relation in the organization is invisible or be considered as a symbol by its members.

As the result the employees can be compromised through reducing the exertion of utmost efforts by the employees in the achievement of the organizational goals.

The purpose of the study was explained to the participants and informed consent was also be obtained before data collection. To keep the confidentiality of the participants, personal identifiers was not included in the data collection format, and ensured throughout the research

process and the information was utilized only for research purpose. Participation was also entirely voluntary

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND PRESENTATION

4.1.Introduction

This chapter analyzes and presents the data collected from primary sources (the questionnaire), and secondary sources (document review) regarding the effect of labor union on human resource functions of ET. Descriptive statistics, and regression analysis was

conducted to present the result from the questionnaire. Then, the empirical findings were cross-referred with the literature relevant to the study and interpreted accordingly.

4.1.1. Response Rate

A total of 285 questionnaires were distributed for employees of ET. Out of which 248 questionnaires were returned with complete responses, while 6 questionnaires were rejected due to missing/incomplete data and unfortunately 31 questionnaires were returned with no response. Overall, the response rate is 87%, which is adequately enough to conduct the study.

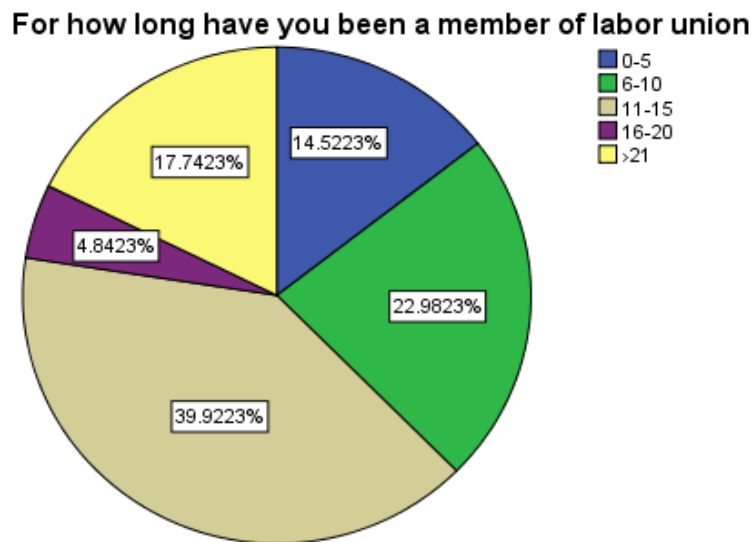
4.1.2. Demographic Profiles of the study

4.1.2.1. Labor Union Membership Experience of Employees

Respondents were asked regarding their labor union membership experience while being employees of ET. This variable is important for the study in that respondents having enough membership experience provides relevant and reliable information about their observation and experience in relation with the role of ET's labor union and its influence on human resource functions. Thus, for this question, majority (39.9%) of the respondents answered they had 11-15 years of labor union membership experience while working at ET, while 22.9% indicated they have 6 to 10 years of experience, while 17.7% said they have more than 21 years of union experience, while 14.5% said they have less than five years of union experience, finally the remaining 4.8% indicated that they have 16-20 years of experience. This indicates that all the respondents have been member of ET's labor union long enough to understand and share their relevant experiences regarding the role of ET's labor union and its effect on ET's human resource function. The pie chart shown on the following figure shows the detailed result:

4.2. Overall Empirical Result of the study

Figure 4.2- Pie chart showing Labor union membership experience of respondents

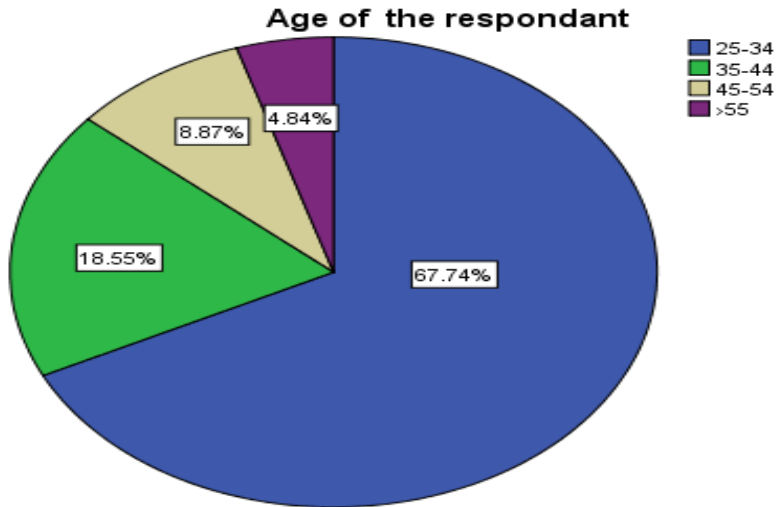


Source: research data (2018)

4.1.2.2. Age of Respondents

With regard to the age of respondents, the study shows that the majority of the respondent are aged 25-34 years (67.7%). This was followed by those aged from 35 to 44 (18.5%) and those 45 to 54 years (8.9%). The remaining age group above 55 constitutes 4.8%. Most of the respondents were therefore 25 to 34 years are relatively young. See details in the below Figure 4.3:

Figure 4.3. pie chart showing age of Respondents

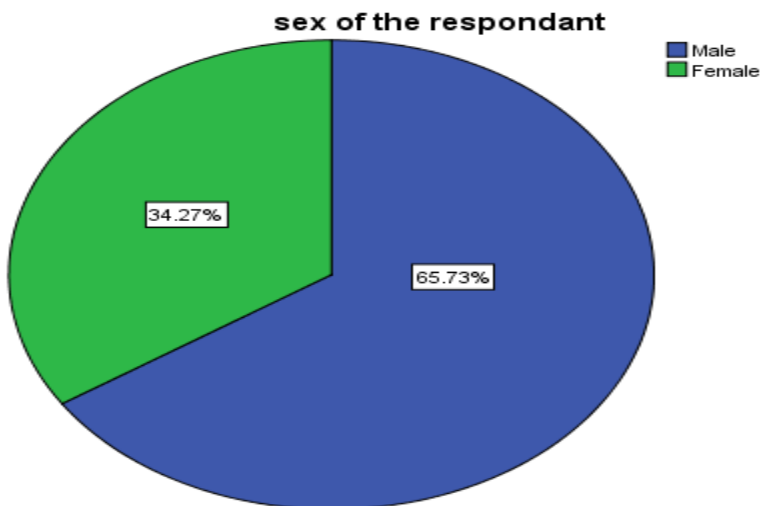


Source: research data (2018)

4.1.2.3. Gender of Respondents

Respondents were asked what gender they have. Accordingly, the majority (65.7%) of respondents are male, while the remaining 34.27% are female.

Figure 4.4. Gender of respondents

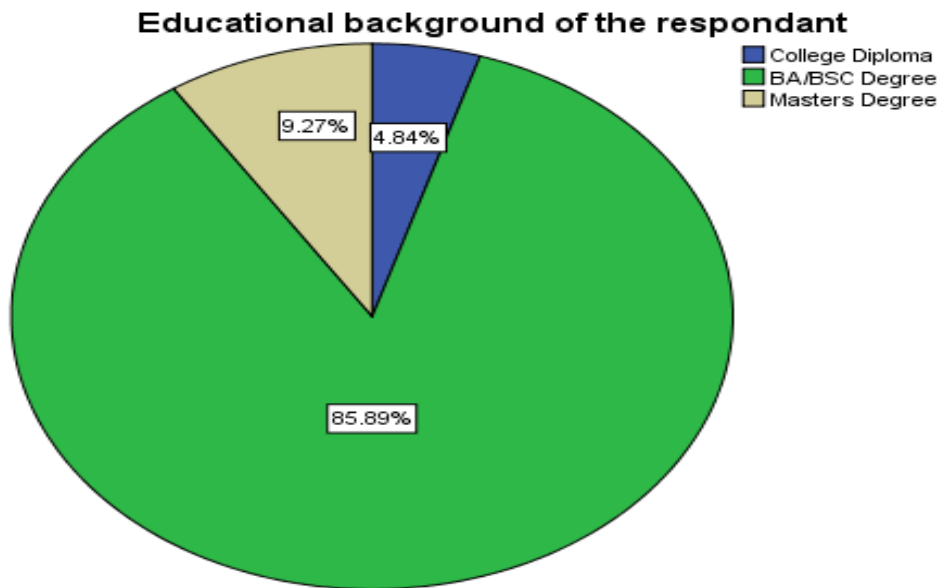


Source: research data (2018)

4.1.2.4. Education Level of Respondents

The level of education can potentially influence the understanding respondents have about role of labor union and its effect on human resource functions. The respondents were asked to indicate their highest level of education and as per the result, the majority of respondents (85.89%) are degree holders, while 9.27% are second degree/Maters holders and the remaining 4.84% have college diploma. There are no respondents having below diploma level education. Hence, all the respondents are potentially in a better position to understand the research questions and provide the relevant information regarding the role of ET's labor union and its effect on human resource functions. Details of the result are indicated in table following table 4.4.

Figure 4.5. Educational background of respondents



Source: research data (2018)

4.3.Descriptive Statistics and assessment of the role of ET's labor union

In order to meet the first objectives of the study, i.e. to assess the role of ET's labor union, respondents were asked to indicate the extent of which the labor union performs its functions/roles, specifically, its service, representation and regulatory functions.

Assessment of the labor union's service function

In order to meet the first objective of the study i.e. to assess the extent of ET's labor union in carrying out its service function, respondents were asked the extent the union representatives carry out the specific indicators of the service functions, namely, communication, securing working condition and harmony, Ensuring work safety and health, salary and benefit negotiation. Accordingly, the descriptive statistics for each service function indicators are presented and discussed below:

4.2.1. In terms of communication

To assess the role of communication as a service function, respondents were asked to indicate to what extent ET's labor union representative perform their communication role as part of their service function.

As shown on the below table 4.1, the overall mean value for communication role is 3.04 indicating that ET's labor union is observed by employees while acting as communicator to a moderate extent with small variation with the mean as a standard deviation of 1.11 is found. This shows that the majority of respondents agree with the fact that the labor union perform its communication duties moderately. Among the communication role indicators, periodical communication by the labor union is the most observed communication role having the highest mean value of 3.36, while communicating employees with information that will help them

improve their daily activities and participate in daily decision makings got the lowest mean value i.e. 2.8.

Table 4.1: Shows the descriptive statistics for communication role of the labor union

In terms of communication	WEIGHTS (W)					ΣWf	Σf	$\Sigma Wf/\Sigma f$ (mean \pm SD)
	SA	A	N	DA	SD			
	5	4	3	2	1			
FREQUENCIES (F)								
The communication media used by the labor union is effective to receive and give feedback for the action performed.	11	108	25	78	26	744	248	3.00 \pm 1.163
The labor Union adds value to my carrier by providing an efficient way of communicating and negotiating with employer	23	68	59	72	26	734	248	2.9597 \pm 1.16563
The communication network used by the union helps me to improve my daily activities through increasing my involvement in the decision making.	23	39	84	76	26	701	248	2.8266 \pm 1.10857
Communication network used by the labor union is effective to communicate about its periodical efforts made to secure my rights and interests	25	98	79	34	12	834	248	3.3629 \pm 1.00069

Source: Own SPSS Result

4.2.2. Securing working condition and harmony

To assess the role of securing working condition and enhancing work harmony as a service function, respondents were asked to indicate to what extent ET's labor union representative perform their communication role as part of their service function.

As shown on the below table 4.2, the overall mean value for communication role is 3.79 indicating that ET's labor union is observed by employees while acting as work condition and harmony enhancer/facilitator to a large extent with small variation with the mean as a standard deviation of 1.18 is found. This shows that the majority of respondents agree with the fact that the labor union is involved, to a large extent, in activities of enhancing better work condition and harmony throughout the company.

Regarding work condition and harmony facilitation, the role of the labor union in creating smooth relationship between the company and employees is greatly observed by respondents with the highest mean value of 4.36, the labor union's role in protecting employees from mistreatment by management and ensuring all resources are available for employees to do their work got the lowest mean value, 3.66 each.

Table 4.2: shows the descriptive statistics showing labor union's role of facilitating working condition and harmony.

Working Condition and harmony	WEIGHTS (W)					ΣWf	Σf	$\Sigma Wf/\Sigma f$ (mean±SD)
	SD	A	N	DA	SD			
	5	4	3	2	1			
FREQUENCIES (F)								
The existence or involvement of labor union to smooth up the relationship between me and the organization enhance my commitment towards my job	37	93	73	33	12	854	248	4.36±0.92
Labor union periodic involvement at my work place is effective enough to enhance my job satisfaction.	11	61	39	125	12	678	248	3.80±0.88
The labor union is effective in overseeing the existence of team spirits among the employees, and recognition for my good work and creates an opportunity to work beyond the requirements of my job.	11	37	69	103	28	644	248	3.79±1.1

The labor union is effective in ensuring that I am not mistreated by my immediate supervisor.	11	100	67	70	0	796	248	3.66±1.33
The labor union is effective in ensuring that the required working resources are provided to me so that I deliver quality services to my customers.	23	62	43	80	40	692	248	3.66±1.34
The labor union is effective in ensuring that I am given the required training related with my job without discrimination.	0	58	68	94	28	652	248	3.66±1.35
The labor union ensures that I am never overworked so that I can deliver quality service to my customers.	23	47	59	105	14	704	248	3.66±1.36

Source: Own SPSS.

4.2.3. Securing work safety and health

The other sub variable that measures the service function of the labor union deals with how the labor union contributes to improve work safety and health issues. Accordingly, respondents were asked to determine the extent of such task being implemented by the union.

As shown on the below table 4.2, the overall mean value for communication role is 3.53 indicating that ET's labor union is observed by employees while being involved in improving work safety and health issues to a large extent with small variation with the mean as a standard deviation of 1.07 is found. This shows that the majority of respondents agree with the fact that the labor union is involved, to a large extent, in activities of enhancing better work safety and health throughout the company.

Regarding work condition and harmony facilitation, the role of the labor union in ensuring equal medial and insurance benefit for all employees is greatly observed by respondents with the highest mean value of 3.76, while the labor union's role in facilitating unemployment

insurance for employees got the lowest mean value, 3.23. Well its members to secure or look after their needs in terms of safety and health.

Table 4.3: shows the descriptive statistics showing labor union’s role of facilitating work safety and health.

In Terms of Safety and Health	WEIGHTS (W)					ΣWf	Σf	$\Sigma Wf/\Sigma f$ (mean \pm SD)
	SD	A	N	DA	SD			
	5	4	3	2	1			
FREQUENCIES (F)								
The labor union is effective to ensure that the medical and insurance schemes are attractive to me so that my productivity is improved.	61	81	61	45	0	2 ⁹⁰	248	3.6371 \pm 1.04424
The labor union is effective to ensure that there is equal treatment of each staff in the benefit system of the company such as in medical and insurance.	79	88	37	32	12	4 ⁹³	248	3.7661 \pm 1.17055
The labor union is effective in ensuring my job security through enhancing my trust on management	18	103	79	34	14	1 ⁸²	248	3.3105 \pm 0.98797
The labor union is effective in ensuring my fringe benefits like for instance; medical for my family , life insurance, paid leave for me, medical leave , health insurance up on my retirement etc., so that my commitment and engagement is enhanced	48	109	59	20	12	5 ⁹⁰	248	3.64919 \pm 1.034779
The labor union is effective in ensuring social insurance programs such as unemployment insurance, workers ‘compensation and is thus an intermediary institution for me that provide a necessary complement to legislated benefits and protections.	35	57	98	46	12	1 ⁸⁰	248	3.2298 \pm 1.06071

The labor Union is effective to play a pivotal role both in securing my safety and health, overtime, and family/medical leave and then enhanced my productivity	47	120	23	46	12	88	248	3.5806±1.13535
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Source: Own SPSS

4.2.4. Negotiating salary and benefit issues

The last indicator of the labor union's service function is the role of negotiating salary and benefits with the management. Accordingly, respondents were asked to share their experience with regard to the extent their labor union is involved in salary and benefit negotiation with the management.

Table 4.4: Score of members' employees on Salary and Benefit by the union in the organization

In Terms of Salary and Benefits	WEIGHTS (W)					ΣWf	Σf	ΣWf/Σf (mean±SD)
	SD	A	N	DA	SD			
	5	4	3	2	1			
FREQUENCIES (F)								
The labor union bargains effectively for better salary & benefits so that my engagement is enhanced for higher performance.	61	81	38	44	24	855	248	3.4476±1.29671
I earn the same salary with others doing the same job and thereby increased my commitment on my job.	35	96	22	47	48	767	248	3.0927±1.38363
Secure my salary increment based on my performance so that my engagement is increased	36	117	12	47	36	814	248	3.2823±1.32286
I receive is fair relative to the industry 's average so that my work performance is enhanced & decrease turnover	11	76	84	53	24	741	248	2.9879±1.04351
In reducing salary inequality through raising salary more for low- and middle-wage workers than for higher-salary workers so that my commitment to my job is increased	0	91	33	88	36	675	248	2.7218±1.10904

The labor union is effective in ensuring that I am given fair compensation for my work so that my efficiency is enhanced.	12	120	26	78	12	786	248	3.1694±1.07772
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Source: SPSS data (2018)

Results show that among others, respondents gave prominence to the role played by trade unions towards improvement in salary and benefits. More than 58.3% rated this as the most important role of their unions. Overall all, the average mean value for the role of salary and benefit negotiator 3.82 indicating that the labor union perform this duty to a large extent. Among salary and benefit negotiation roles, working to secure the highest salary and benefits for employees got the highest mean value-3.45, while reducing salary inequality among employees got the lowest mean value of 2.72 score.

Overall all, the average mean value for the role of salary and benefit negotiator 3.82 indicating that the labor union perform this duty to a large extent. This is exactly as indicated by many scholars who carried out empirical studies regarding the impact of labor union on salary and benefit of employees. For instance, Pierce, (1999), similarly found out that unionized workers' earnings exceed those of comparable nonunion workers by about 15%, a phenomenon known as the "union wage premium." H. Gregg Lewis found the union wage premium to be 10% to 20% in his two well-known assessments, the first in the early 1960s (Lewis 1963) and the second more than 20 years later (Lewis 1986). Freeman and Medoff (1984) in their classic analysis, *What Do Unions Do?* arrived at a similar conclusion. i.e. they concluded that unionized workers get better salary and benefits than those who are not unionized. ET's employees are unionized and as a result, indicated their great satisfaction with their labor union in securing high salary and benefits for all employee.

4.3. Assessment of the labor union's Representative function

In order to meet the second objective of the study i.e. to assess the extent of ET's labor union in carrying out its representative function, respondents were asked the extent the union representatives carry out the specific indicators of the representative functions, namely, Taking collective decision with the management. Accordingly, the descriptive statistics showing the extent of such representative functions being implemented by the union is presented and discussed below:

Table 4.5: Extent of representative function being implemented by ET's labor union

Representative Functions	WEIGHTS (W)					ΣWf	Σf	ΣWf/Σf (mean±SD)
	SA	A	N	DA	SD			
	5	4	3	2	1			
	FREQUENCIES (F)							
The labor union is effective enough to agree through collective bargaining other than forwarding these concerns individually	12	58	84	82	12	720	248	2.903±0.972
The labor union has independent voice with strong negotiation power to ensures my share in the economic success of the organization	24	56	95	59	14	761	248	3.068±1.0374
The relationship between the labor union and HR management helps me to increase my commitment through facilitating mutual gain	24	92	38	80	14	776	248	3.129±1.1379
The existence of collective bargaining for decision facilitates effective communication between the management and me so that improves my Professional carrier.	12	47	109	68	12	723	248	2.915±.9203
The Labor Union is strong enough to have a cooperative relationship with management and there by creates trust on management as well as commitment up on me.	0	100	79	57	12	763	248	3.0766±.9778

I trust the labor union because it is independent with strong bargaining power and is elected to represent the interests of the members	12	74	93	59	10	3 ⁷⁶	248	3.0766±.94278
The partnership roles enhance different perspectives and result in better quality decisions that improve my performance in terms of delivering quality service	24	83	83	48	10	7 ⁸⁰	248	3.2540±1.0080
The labor union is involved effectively in the decision making process, and helps me to achieve high performance work practice	0	105	73	60	10	9 ⁷⁶	248	3.1008±.9540
The effective involvement of labor union in the decision-making process ensures the stability of the existing valuable and well experienced employees.	24	57	86	59	22	6 ⁷⁴	248	3.0081±1.10205
The labor union has participated effectively in the development as well as in the implementation process of performance management system (PMS) and thereby increased my productivity.	24	91	76	57	0	6 ⁸²	248	3.3306±.93706
The labor union has independent power during negotiation in securing the rights and benefits of its members,	12	77	90	69	0	6 ⁷⁷	248	3.1290±.87676
There is a positive relationship between the degree of effectiveness of the labor union in its practices and HR function.	37	62	75	74	0	6 ⁸⁰	248	3.250±1.0426

Source: Own SPSS

Similarly, the extent to which the Representative function performed by labor union in terms of taking collective decision making action in partnership with management, is also observed.

Accordingly, the overall mean value is 3.10 with 0.99 low standard deviation from the mean value, indicating that the labor union is involved in collective decision making processes with the management to a moderate extent. Among the representative functions, role of representing

employees to get more benefit for employees than at individual level got the lowest mean value 2.9, while the labor union in representing employees in performance management practices of the companies got the highest mean value i.e. 3.33.

4.4. Assessment of the labor union’s Regulatory function

To meet the third objective of the study, i.e. to assess how well the labor union perform its regulatory function, respondents were also asked to indicate the extent their labor union is involved in performing its regulatory functions. Conflict and complain handling roles are the major indicators showing the regulatory functions of the labor union.

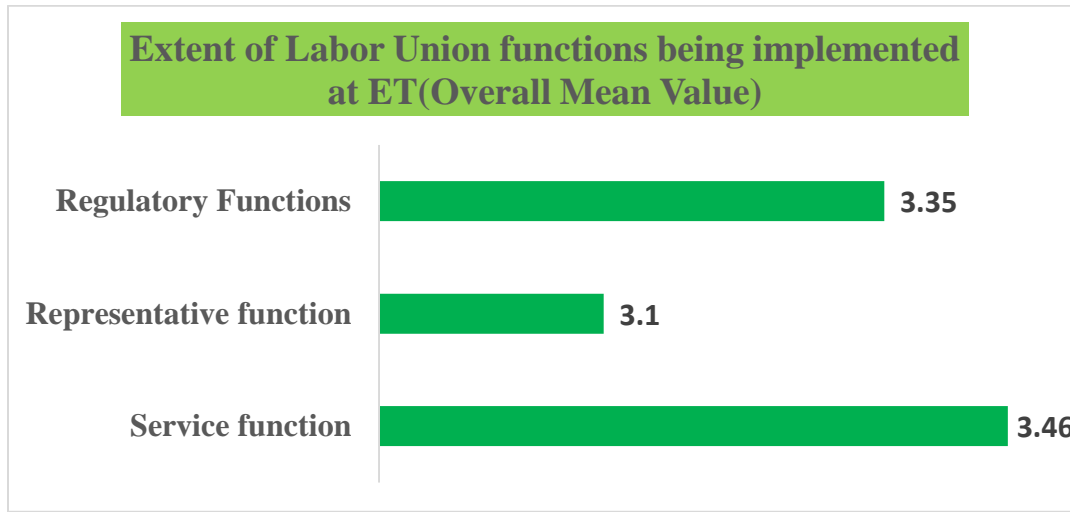
Table 4.6: extent of regulatory function being implemented by ET’s labor union

Regulatory functions of labor union	WEIGHTS (W)					ΣWf	Σf	ΣWf/Σf (mean±SD)
	SA	A	N	DA	SD			
In terms of Conflict and Complain handling	5	4	3	2	1			
	FREQUENCIES (F)							
The labor the union is strong enough to handle complains and grievances so that my efficiency at work place is enhanced	12	66	88	70	12	0 ⁷⁴	248	2.98±0.92
The labor union is effective in protecting its members from unfair administrative actions by the management	72	73	67	36	0	5 ⁹²	248	3.12±0.88

Source: SPSS (2018)

As the above descriptive statics shows, labor union moderately perform its conflict and complain handling duties as indicated with overall mean value of 3.12 and with low standard deviation result of 0.9.

Figure 4.5. overall mean value showing extent of labor union functions being implemented



Source: research data (2018)

As can be seen from the above summary graph, ET's labor union has been performing the service, representative and regulatory functions to a moderate level.

4.4. The Pearson correlation between the independent and dependent variable

In order to learn the nature of statistical relationship between the independent and dependent variables, the correlation coefficients together with their significance level has been analyzed using the SPSS. According to Landau and Everett (2004), the relationship is expressed by value within the range -1.00 to + 1.00 as Pearson product-moment indicates. Pearson correlation is +1 in the case of a perfect increasing (positive) linear relationship (correlation), -1 and 1 in all other case indicating the degree of linear dependency between variables. It is important to note that correlation provides evidence that there is a relationship between two variables. It does not, however, indicate that the independent variable actually caused the occurrence of the dependent ones.

Accordingly, as the below SPSS result shows, it is observed that labor union’s service, representative, and regulatory roles have statistical negative relationship with human resource functions with a Pearson R value of -0.38, -0.30 and -0.109, respectively. This implies that as one of the independent variables increases in value, the dependent variable (Human resource function) decreases in value. However, positive relationship is observed among the independent variables service, representation and regulatory functions of the labor union.

Table: 4.7. Correlation between the independent and dependent variables.

		Correlations			
		Service Function	Representative function	Regulatory Function	HR Function
Service Function	Pearson Correlation	1	.286**	.333**	-.038
	Sig. (2-tailed)		.000	.000	.399
Representative function	Pearson Correlation	.286**	1	.517**	-.030
	Sig. (2-tailed)	.000		.000	.511
Regulatory Function	Pearson Correlation	.333**	.517**	1	-.109*
	Sig. (2-tailed)	.000	.000		.015
HR Function	Pearson Correlation	-.038	-.030	-.109*	1
	Sig. (2-tailed)	.399	.511	.015	

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Output (2018)

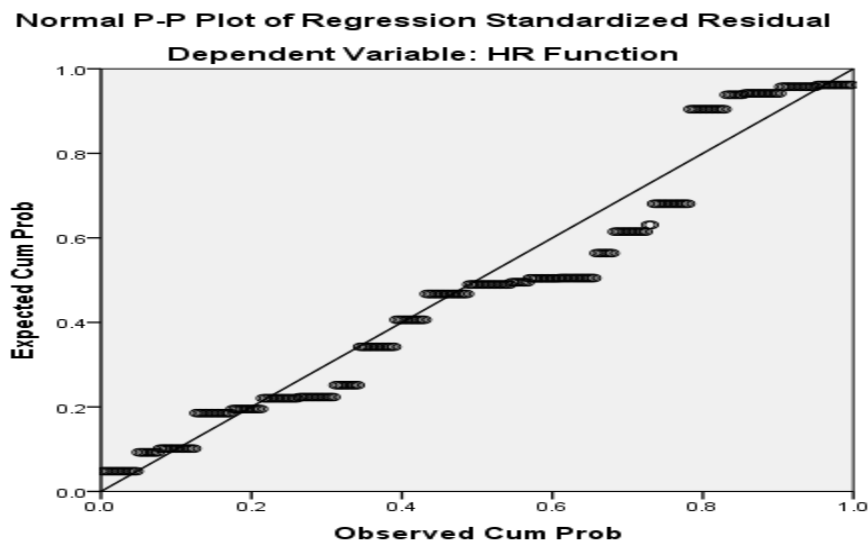
4.5. Testing Normality, Multi collinearity and Homoscedastic Assumptions for regression analysis

According to Landau and Everett (2004), 3 major assumptions should be tested and met for a regression model to be analyzed and used for sound predictions or decisions.

1. Normality Test

According to Landau and Everett (2004), considering the P-P plot diagram, when the points lie approximately on the reference line, the distribution is normal and the relationship between the independent and dependent variable is linear. As per the below figure shows, the distribution is normal meeting the requirements of the regression model.

Figure 4.6. normal P-P plot showing normal distribution



Source: SPSS output (2018)

2. Multi Collinearity

Multiple regression, according to Landau and Everett (2004), assumes that the independent variables are not highly correlated with each other. This assumption is tested using Variance Inflation Factor (VIF) values. If the collinearity statistics show VIF scores well below 10, and tolerance scores above 0.2, it means there is no multi collinearity and fit for regression. If multi collinearity is found in the data, one possible solution is to identify the variables causing multi collinearity issues (i.e., through correlations or VIF values) and removing those variables from

the regression. Accordingly, the correlation of between the labor union and HRM function has been very strong as their r value was above 0.8, therefore, the independent variable- labor union function was removed and the multi collinearity test was tested again. Accordingly, the result shows a VIF scores in between 1-10 (1.007) with tolerance score above 0.2

Table: 4.8. Collinearity Statistics

Model	Coefficients					Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
	B	Std. Error	Beta				
(Constant)	2.215	.165		13.393	.000		
1 Effect of labor union	.118	.054	.162	2.180	.031	.993	1.007
HRM function	.118	.051	.172	2.314	.022	.993	1.007

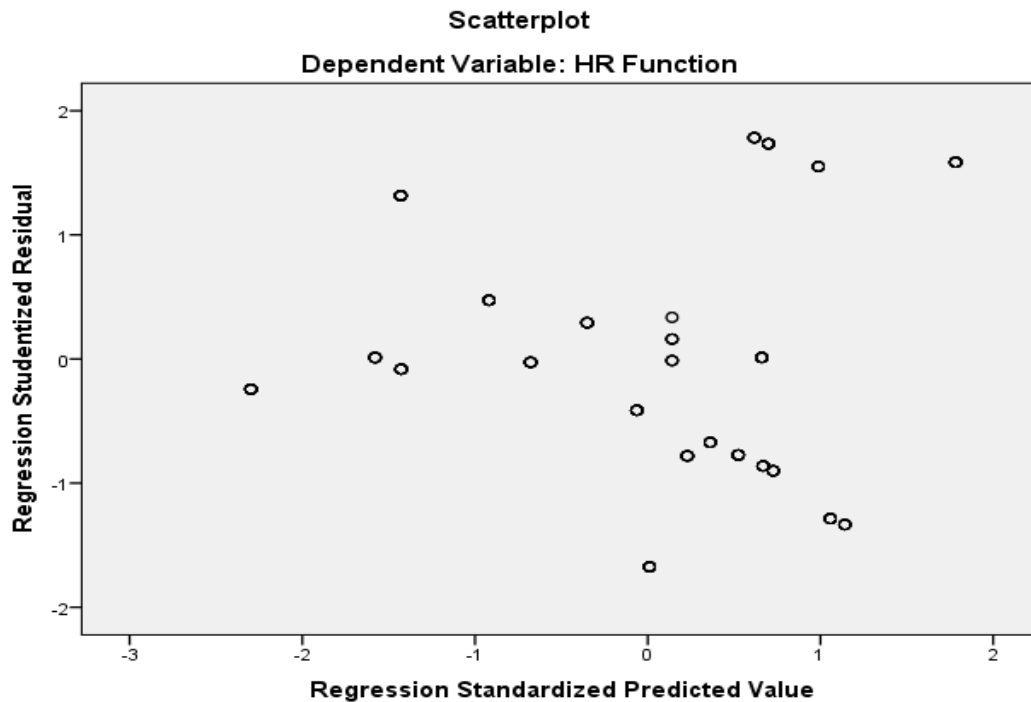
A. Dependent Variable: **Human Resource function**

Source: SPSS Output (2018)

3. Homoscedasticity

According to Landau and Everett (2004), one of the major assumptions of the regression model is the fact that the variance of errors is the same across all levels of the Independent variable which is called homoscedasticity. When the variance of errors differs at different values of the IV, heteroscedasticity is indicated. This assumption can be checked by visual examination of a plot of the standardized residuals (the errors) by the regression standardized predicted value. If plot of standardized residuals vs standardized predicted values shows no obvious signs of funneling or shows a rectangular shape, it means the assumption of homoscedasticity has been met, meaning the variance of errors are equal across all levels of the independent variables.

Figure 4.5. scatter plot showing Homoscedasticity



Source: SPSS Output (2018)

4.6. Results of the multiple regression analysis

Multiple regressions, according to Landau and Everett (2004), are the most common and widely used to analyze the relationship between a single continuous dependent variable and multiple continuous categorical independent variables. Multiple regression analysis was conducted to examine the relationship and impact when all the independent variables—labor union's service functions, representative function and regulatory function, simultaneously influence HR function.

$$\text{HR function (Y)} = B_0 + B_1\text{SV} + B_2\text{RF} + B_3\text{RG}$$

- Where Y is the dependent variable (human resource functions), B_1 - B_3 are the estimated regression coefficients, B_0 is the value of the dependent variable when all the independent variables are zero. The independent variables are denoted by SV (Service Function), RF (Representative function) and RG (Regulatory function). Each regression coefficient represents the change in Y relative to a one unit change in the respective independent variable.

Table: 4.9. Regression Coefficients and the model summary

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
	(Constant)	2.431	.100				24.371	.000	2.235
Service Function	.012	.042	.024	.277	.782	-.070	.094	.404	2.474
Representative Function	.385	.067	.677	5.720	.000	.253	.518	.211	4.737
Regulatory Function	-.100	.044	-.219	-2.276	.024	-.187	-.013	.318	3.146

a. Dependent Variable: HR Function

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.529 ^a	.279	.271	.33933	2.227

a. Predictors: (Constant), Regulatory Function, Service Function, Representative Function

b. Dependent Variable: HR Function

Source: SPSS Output (2018)

According to Table 4.6, the model summary shows the R-square value (0.279) shows small percentage of (27.9%) the variation can be explained by the variation in all the three independent variables-namely, labor union' service function, representative function and regulatory functions. According to Landau and Everett (2004), even when R-squared is low, low P values still indicate a real relationship between the significant predictors and the response variable. So, even though the variation explained by the independent variable is very small, it is safe to consider the significant impact of each of the representative function and regulatory function of the labor union on HR function, as both have significance level below 0.05.

In addition the unions were particularly highly in relation to their contribution to safeguarding the right of employees to fair hearing during appeals after unfair dismissal and persuading management to change terms of service of employees.

PART III The effect of labor union functions on Human Resource function

Service Function

1. The union pushes HR to develop effective safety and health scheme for employees.
2. The service function of the Labor Union such as communicating regularly, bargaining on benefits enabled HR to have very good work relationship with employees .
3. Generally, ET's labor Union support HR function via its service function.

Representative Function

1. By representing employees, the Labor Union has been able to bargain the management that influenced HR to develop and implement effective compensation policy.

2. The fact that the Labor Union participate in the decision making process such as in recruitment / transfer /promotion decision helps HR to make the right recruitment decision.
3. Generally the function of HR are supported by Labor union in representative function.

Regulatory Function.

1. The HR of Ethio Telecom handles employee grievance /complains effectively because the labor Union plays a regulatory function such as guarding employees from unfair decisions.
2. The company performs HR functions effectively because labor union involves in conflict /work disputes management together with HR.
3. Generally, the Labor Union performs regularly functions such as conflict /complaint handling and this enabled HR to smoothly run its functions.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The chapter covers five major sections. These include the summary of the major findings, conclusion of the study, limitations encountered during the study, recommendations and suggestions for future research.

5.2. Summary of the major Findings

The study found out that ET's labor union performed its service function to a moderate extent. Among the service functions, ET's labor union is observed by employees as performing its salary and benefit negotiation role to a large extent, while the extent of the union in acting as communicator is found to be moderate, and study further found out that ET's labor union performed its representative function to a moderate extent. Among the representative functions, ET's labor union role in representing employees in performance management decisions is greatly observed. The study found out that ET's labor union performed its regulatory functions of employee and complain handling to moderate extent, additionally, the study also found out that there is positive statistical relationship among the independent labor union functions- service, representation and regulatory functions. However, the relationship between the independent variables labor union's service, representative and regulatory functions and the dependent variable human resource functions is found to be negative. The unions were rated to score highly on their influence on the improvement of salaries and allowances of members and their contribution to safeguarding the right of employees to fair hearing during appeals after unfair dismissal, the study also revealed that, 27.9% of the variation on the dependent variable-

human resource functions can be explained by the contribution of the independent variables- labor union's service, representative and regulatory functions.

The study found out that ET's labor union is performing its service, representation and regulatory functions to a moderate extent. The study also found out that there is positive statistical relationship among the independent labor union functions-service, representation and regulatory functions. However, the relationship between the independent variables labor union's service, representative and regulatory functions and the dependent variable human resource functions is found to be negative. The unions were rated to score highly on their influence on the improvement of salaries and allowances of members and their contribution to safeguarding the right of employees to fair hearing during appeals after unfair dismissal.

The study also revealed that, 27.9% of the variation on the dependent variable- human resource functions can be explained by the contribution of the independent variables-labor union's service, representative and regulatory functions.

5.3. Conclusions

This study concludes that ET's labor union has been performing its union duties namely, service, representative and regulatory functions to a moderate level. The study also concludes that labor union can also influence the way human resource management functions.

Furthermore, the study concluded that labor union's service, representative and regulatory roles can significantly impact or contribute to the variation on the outcome Variable-Human resource functions. The representative function of the labor union, in particular, plays a significant role in affecting the human resource management functions.

5.4. Recommendations

On the basis of the findings and conclusions reached, the following recommendations are forwarded:

- ET's labor union need to perform service, representative and regulatory functions so as smoothly facilitate the human resource management performance.
- The labor union leaders and ET's management need to identify areas they can work together so as to maximize the benefit of employees and the company can get.
- The management of ET need to invite, encourage and support the labor union representatives to participate in important decision-making processes that can affect employees such as salary and benefit issues, work safety and health issues, work related changes...etc
- Considering the impact labor union can bring on the functions of human resource management, ET need to build a collaborative relationship with the labor union representative so as to maximize the benefit of the employees and the company.
- ET's Labor union leaders are control over the assigned representatives whether support HRM function or not.

5.5. Limitations of the study

The study is limited to describe and explain the effect of labor union roles only on human resource functions of ET. Hence, the study doesn't discuss on the effect of labor union on the management decisions or on organizational performance. Due to limitation of time and cost, the study is limited to the description of the effect of labor union on human resource functions based

on the observation and experience of only ET's headquarter employees and labor union members.

Data collection was also limited by the busy schedules of the respondents. The researchers had to exercise utmost patience and make extra effort in reminding respondents and making constant follow ups so as to acquire sufficient data from respondents. Some of the respondents approached were reluctant in giving some information fearing that the information sought would be used to intimidate them. The researcher handled the problem personally convincing and assuring respondents that the information will be treated as confidential and would be used purely for academic purposes. Besides, it is likely that some of the subjective responses obtained from the respondents may minimally affect the objectivity of the research inputs.

The fact that there is a limited/almost non-available accumulated knowledge concerning the effect of labor union roles on human resource functions especially on Ethiopian industry context is another obvious limitation. The last but honest limitation is the fact that the student researcher lacks thorough practical experience in conducting such research especially in the absence of related studies taking the case of Ethiopian public organization's case.

However, to reduce the negative impact of the limitations described above, the following major actions were taken:

Related studies conducted in other closely related perceived influence of trade union on terms and condition, and condition of service and Job security of employees at Kisii University Kenya together with extensive study about issues of labor union and human resource functions.

- While collecting data, briefed respondents/personally administering data collection instruments/ about the purpose of the study and contents of the data collection

instruments to ensure respondents give the right information without being confused or without making assumptions.

- Not to be affected by possible wrong memory of respondents, to let respondents use a questionnaire with listed choices to pick
- In addition to following/implementing the feedback of this research's adviser, books written on research methods as well as previously prepared thesis papers, journal articles were reviewed to quickly improve/refresh the student researcher's knowledge regarding the processes of research.

5.6. Suggestions for future research

This study was limited to one company case-Ethio Telecom, and hence its findings cannot be strongly generalized to other public organizations in Ethiopia and elsewhere. What is more is that there is hardly available study conducted on the effect of labor union on human resource functions of other Ethiopian organizations and industries. Therefore, this study suggests similar studies to be conducted on other public organizations and industries operating in Ethiopia to get a broader picture. Furthermore, the study does not end up with list of ultimate or universally agreed labor union function that can positively influence the way organizations can perform their human resource functions. Depending on the specific industries being studied, therefore, the study suggests others to research further and attempt to develop the best model showing the link between labor union function and Employees performance.

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Appendix 1- Preliminary Interview Questions

Addis Ababa University School of Commerce

Masters in Human Resource Management

Guiding Questions to be used during interview Human Resource Managers

Notice: This guiding interview question is designed to collect the attitude of the human resource manager, and Supervisors on the role of labor union in facilitating HRM function and industrial relation.

1. What do think is (are) contribution of the labor union in facilitating HRM Function like Recruitment, Training, Compensation, Maintenance activities?
2. What are the promising programmes observed in the company after the establishment of the union?
3. How do you explain the collaboration of the unions in working with the management?
4. What kind of support does the management provides to the union, please explain?
5. Does the Management allow the Union to participation in different decision making areas?
6. How do you resolve the conflicts between the management and the Union?
7. Do you think the existence of the Labor Union helps for the maintenance of a peaceful industrial relation?
8. How do you explain the overall employer employee relation in the organization?
9. What type of problems are faced when working with the labour Union?
10. What do you suggest to further improvement the industrial relation climate of the company in the future?

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Questionnaire to be filled by HR-Supervisory/Managerial/ Member of labor union,

This questionnaire is designed to collect primary data used for thesis entitled, The effect of Labor Unions in on HRM function in Ethio Telecom Head Office.. The research is conducted as a partial fulfilment of the requirement for the Master of Arts degree in Human Resource Management.

The research to be evaluated in terms of its contribution to our understanding about the effect of labor union on HRM function, which will be using five point Likert scales in terms of the labor union function , Service function, Representative function, and Regulatory function.

The study will have a great contribution if you complete all the items covered in the questionnaire having your genuine, honest, and prompt response since it is a valuable input for the quality and successful completion of the study. In this connection, I would like to assure you that the information you provide will be used for academic purpose only and all responses will be treated in a strict confidentiality.

Therefore, I kindly request your cooperation in answering the questions as clearly as possible.

Thank You

Meseret Seifu

091123 40 21

General Instructions

- There is no need of writing your name
- In all cases where answer options are available please tick () in the appropriate box.
- For questions that demand your opinion, please try to honestly describe as per the questions on the space provided. Thank you, for your cooperation and timely response in advance!

Part I – BACKGROUND INFORMATION OF RESPONDENTS

1. For how long have you been a member of labor union?

- 0 - 5 6 -10 11-15 16-20 21 years or more

2. Age (in years):

- Under 25 25 - 34 35 - 44 45 - 54 55 and Above

3. Sex: Male Female

4. Educational Qualification:

- High school graduate Technical school graduate College Diploma
 BA/BSc Degree Master's Degree Other (please state_____)

PART II: Questions related with the effectiveness of labor union in its practices

Listed below are statements about the effectiveness of labor union in your Organization. Please indicate your level of agreement with the statements so that your answers to these questions will enable me to assess what you think about The Effect of the Labor Union on Human Resource Function in your organization.

5. Strongly agree 4.Agree 3.Neutral 2. Disagree 1. Strongly disagree

Questions	Strongly agree	A gree	Neutral	D isagree	Strongly disagree
1. Service Function of Labor Union					
1.1. In terms of communication					
1.1.1 The communication media used by the labor union is effective to receive and give feedback for the action performed.					
1.1.2 The labor Union adds value to my carrier by providing an efficient way of communicating and negotiating with employer.					
1.1.3 The communication network used by the union helps me to improve my daily activities through increasing my involvement in the decision making.					

1.1.4 Communication network used by the labor union is effective to communicate about its periodical efforts made to secure my rights and interests.					
1.2. In terms of working condition and harmony					
1.2.1 The existence or involvement of labor union to smooth up the relationship between me and the organization enhance my commitment towards my job.					
1.2.2 Labor union periodic involvement at my work place is effective enough to enhance my job satisfaction.					

1.2.3 The labor union is effective in overseeing the existence of team spirits among the employees, and recognition for my good work and creates an opportunity to work beyond the requirements of my job.					
1.2.4 The labor union is effective in ensuring that I am not mistreated by my immediate supervisor.					
1.2.5 The labor union is effective in ensuring that the required working resources are provided to me so that I deliver quality services to my customers.					
1.2.6 The labor union is effective in ensuring that I am given the required training related with my job without discrimination.					
1.2.7 The labor union ensures that I am never overworked so that I can deliver quality service to my customers.					
1.3 .In terms of safety and health					
1.3.1 The labor union is effective to ensure that the medical and insurance schemes are attractive to me so that my productivity is improved.					
1.3.2 The labor union is effective to ensure that there is equal treatment of each staff in the benefit system of the company such as in medical and insurance.					
1.3.3 The labor union is effective in ensuring my job security through enhancing my trust on management.					
1.3.4 The labor union is effective in ensuring my fringe benefits like for instance; medical for my family , life insurance, paid leave for me, medical leave , health insurance up on my retirement etc., so that my commitment and engagement is enhanced					
1.3.5 The labor union is effective in ensuring social insurance programs such as unemployment insurance, workers ‘compensation and is thus an intermediary institution for me that provide a necessary complement to legislated benefits and protections.					

1.3.6 The labor Union is effective to play a pivotal role both in securing my safety and health, overtime, and family/medical leave and then enhanced my productivity.					
1. 4. In terms of salary and benefits					
1.4.1 The labor union bargains effectively for better salary& benefits so that my engagement is enhanced for higher performance.					
1.4.2 The labor union is effective in ensuring that I earn the same salary with others doing the same job and thereby increased my commitment on my job.					
1.4.3 The labor union is effective enough to secure my salary increment is based on my performance so that my engagement is increased.					

1.4.4 Ensures that the pay that I receive is fair relative to the industry 's average so that my work performance is enhanced & decrease turnover.					
1.4.5 The labor Union is effective in reducing salary inequality through raising salary more for low- and middle-wage workers than for higher-salary workers so that my commitment to my job is increased.					
1.4.6 The labor union is effective in ensuring that I am given fair compensation for my work so that my efficiency is enhanced.					
2. Representative function of Labor Union					
2.1 In terms of Taking collective action In Partnership with management					
5.1 The labor union is effective enough to agree through collective bargaining, I am more likely to get more benefits from management other than forwarding these concerns individually.					

2.2 The labor union has independent voice with strong negotiation power to ensures my share in the economic success of the organization.					
2.3 The relationship between the labor union and HR management helps me to increase my commitment through facilitating mutual gain.					
2.5 The existence of collective bargaining for decision facilitates effective communication between the management and me so that improves my Professional carrier.					

2.6 The Labor Union is strong enough to have a cooperative relationship with management and there by creates trust on management as well as commitment up on me.					
2.7 I trust the labor union because it is independent with strong bargaining power and is elected to represent the interests of the members.					
2.10 The partnership roles enhance different perspectives and result in better quality decisions that improve my performance in terms of delivering quality service.					
2.12 The labor union is involved effectively in the decision making process and helps me to achieve high performance work practice					
2.13 The effective involvement of labor union in the decision making process ensures the stability of the existing valuable and well experienced employees.					

2.14 The labor union has participated effectively in the development as well as in the implementation process of performance management system (PMS).					
2.15 The labor union has independent power during negotiation in securing the rights and benefits of its members,					

2.16 There is a positive relationship between the degree of effectiveness of the labor union in its practices and HR function.					
3. Regulatory Function of Labor Union					
3.1 In terms of conflict and complain handling					
3.1.1 The labor the union is strong enough to handle complains and grievances so that my efficiency at work place is enhanced					
3.1.2 The labor union is effective in protecting its members from unfair administrative actions by the management					

PART III Effect of Labor Union on HRM function

Please indicate with a thick mark(✓) the extent to which you agree or disagree with the following statements by using the scale of 1-5 where 1. For Strongly Disagree(SD) 2. Disagree(D), 3. Neutral (N), 4. Agree (A) and 5. Strongly agree(SA).

	SA	A	Nu	D	SD
1.1 HR uses formal methods/procedures for recruiting and selecting employees such as for advertising, to conduct employment formal tests					
1.2 Labor union pushes HR to have open job vacancy adverts to promote competition					
1.3 Labor Union influence HR to implement a probation period for new hires					
1.4 Due to the labor union, HR puts internal vacancy first before posting external vacancy					
1.5 The HR has great staffing flexibility such as to easily transfer/assign employees on any task it want					
1.6 The labor union influence HR to develop training programs for employees					
1.7 HR actively works on job related skill training programs					
1.8 Due to the labor union, the amount of training employees are getting has increased					
1.9 HR employs more objective evaluation criteria to evaluate jobs.					
1.10 HR follows formal and openly communicated promotion procedures					
1.11 The seniority rule is used while making promotion decisions					
1.12 HR uses appraisal/performance result for salary, promotion and layoff decisions					
1.13 Due to the presence of labor union, the HR follows uniform/non individual based/ pay rates for similar work positions					

1.14 HR follows more formal and structured communication systems to communicate with employees					
1.15 The labor union pushes the HR to enhance employee motivation and strong corporate work culture					
1.16 HR has a flexible work culture to respond to the demands of employees or to improve work environment/practices					
1.17 HR can easily change work environment and practices					