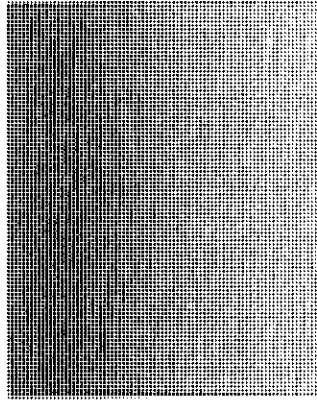


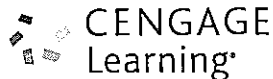
# Human Resource Management An Asia Edition



GHEE SOON LIM  
*National University of Singapore*

ROBERT L. MATHIS  
*University of Nebraska at Omaha*

JOHN H. JACKSON  
*University of Wyoming*



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# CHAPTER

# 17

## Union/Management Relations

**After you have read this chapter, you should be able to:**

- Describe what a union is and explain why employees join and employers resist unions.
- Identify several reasons for the decline in union membership.
- Explain the major legislations governing union-management relations in Singapore.
- Discuss the stages of the unionization process.
- Describe the typical collective bargaining process.
- Define grievance and identify the stages in a grievance procedure.

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## HR Headline

### More Diploma, Degree Holders Join NTUC

**T**he nature of the labor movement in Singapore has been changing in recent years. Currently, as many as 30% of the 520,000 members of the main national labor confederation, National Trades Union Congress (NTUC), are diploma and degree holders, compared with 20% about a decade ago. Out of these graduate members, about 60% belong to the General Branch.

The idea of creating a General Branch to attract new members was mooted in 1992 when NTUC was faced with the uphill task of organizing workers to promote their well-being—against the backdrop of a structurally changing labor force that resulted in a dwindling union membership. As more and more employees in the workforce are professionals and executives, the traditional focus on organizing the “bargainable” ranks (or low-skilled and less educated echelons) had become inadequate. The Government-supported labor movement hence redefined its mission and repositioned itself as a union that serves the diverse needs of the entire workforce, not just the rank-and-file (lower echelons) workers only.

Unlike Ordinary Branch members who enjoy the full range of by unions benefits including coverage under collective agreements negotiated by unions, General Branch members are eligible to enjoy only non-collective bargaining union benefits, such as rebates on supermarket purchases; discounts on movie tickets and travel packages; training subsidies at various organizational levels; skills upgrading programs for both management and non-management employees; opportunities to exchange views with government leaders during dialogues; games, music and other union outreach programs; opportunities to contribute to society; discounts at golf and resort facilities; insurance coverage; vouchers to pay for utilities or public transport; free legal services; childcare rebates; entertainment facilities; scholarships and bursaries for schooling children; and many others.



As the membership fee is a low \$9 per month for most union members (because of the labor movement's ability to obtain financial support from other sources), it is financially rewarding for any interested individual to sign up for a NTUC union membership. No wonder the labor movement is aiming to boost its membership to as high as 1 million by 2015. About half of the current union members belong to the General Branch.<sup>1</sup>

The changing nature of unions and unionization efforts will be interesting to observe during the next decade. How the economic and workforce changes affect employers and unions will be major factors. Even though fewer workers have chosen to be union members (for collective bargaining purposes) than in the past, employers and HR professionals still need to have an understanding of the system of laws, regulations, court decisions and administrative rulings related to the nature of unions. This is important because unions remain an alternative for employees in the event of poor HR management.

## The Nature of Unions

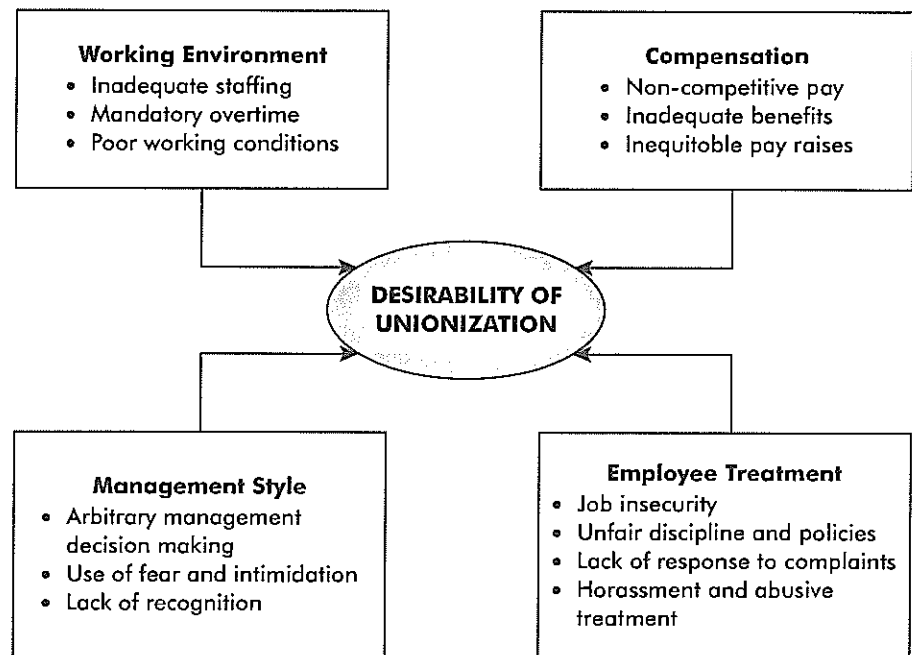
**Union** Formal association of workers that promotes the interests of its members through collective action.

A **union** is a formal association of workers that promotes the interests of its members through collective action. Why employees join unions and why employers resist unionization are part of understanding the current state of unionization.

### Why Employees Unionize

Whether a union targets a group of employees or the employees request union assistance, the union must win support from the employees to become their legal representative. Over the years, employees have joined unions for two general reasons: (1) they are dissatisfied with how they are treated by their employers and (2) they believe that unions can improve their work situations. If employees do not receive what they perceive as fair treatment from their employers, they may turn to unions for help in obtaining what they believe is equitable. As Figure 17-1 shows, the major factors that can trigger unionization are issues of compensation, working environment, management style and employee treatment.

The primary determinant of whether employees unionize is management. Reasonably competitive compensation, a good working environment, effective management and supervision, and fair and responsive treatment of workers all act as antidotes to unionization efforts. Unionization results when employees feel disrespected, unsafe, underpaid and unappreciated, and see a union as a viable option. Once unionization occurs, the union's ability to foster commitment from members and to remain as their bargaining agent depends on how well the union succeeds in providing services that its members want.

**FIGURE 17-1****Factors Leading to Employee Unionization**

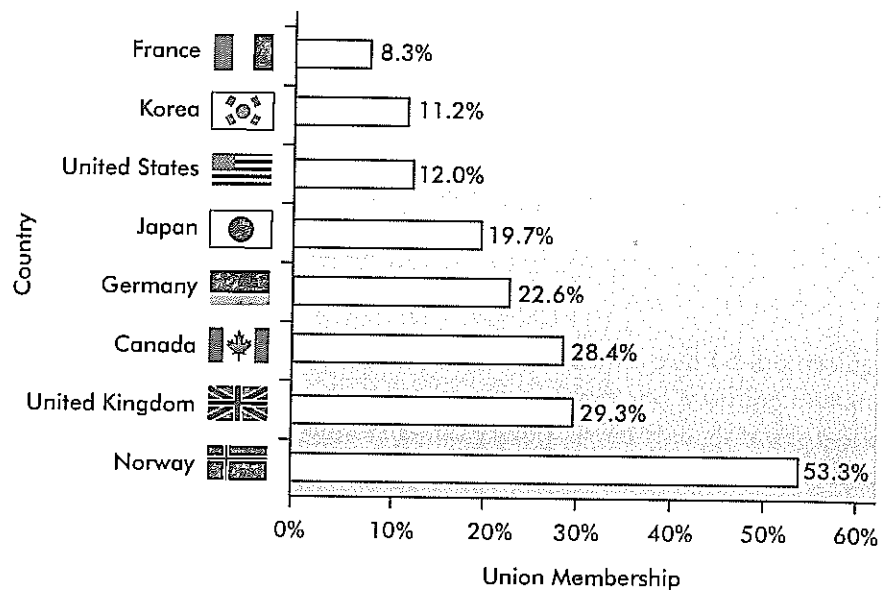
### Why Employers Resist Unions

Employers usually would rather not have to deal with unions because doing so constrains what managers can and cannot do in a number of areas. Generally, union workers receive higher wages and benefits than do non-union workers. In turn, unions sometimes can be associated with higher productivity, although management must find labor-saving ways of doing work to offset the higher labor costs. Some employers pursue a strategy of good relations with unions. Others may choose an aggressive, adversarial approach.

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

### Unions Worldwide

As the world economy becomes more integrated, unions worldwide are facing changes. The status of global unions is being affected in several ways, as highlighted next.

**FIGURE 17-2****Adjusted Union Membership as a Percentage of the Workforce for Selected Countries**

Source: U.S. Department of Labor, *Monthly Labor Review*, January 2006, 45.

Note: In Singapore, about 13% of the resident labor force are Ordinary Branch union members with collective bargaining rights.

## Union Membership Globally

The percentage of union membership varies significantly from country to country as Figure 17-2 indicates. According to historical data, a survey of 30 countries found that since 1970, union membership percentages have increased in only four countries (Belgium, Denmark, Finland and Sweden).<sup>2</sup>

Union membership is falling in many advanced countries, but collective bargaining is set in law as the way wages are determined in Europe. In many European countries, artificially high wages and generous benefits have kept the unemployment rate high, however, the pressures for change are increasing. The range of labor concerns is quite wide and varies from country to country.<sup>3</sup> Child labor is an issue in some countries, whereas changes in participatory employment practices are issues in others.

In some countries, unions either do not exist at all or are relatively weak. In other countries, unions are closely tied to political parties. For instance, in Italy and France, national strikes occur regularly to protest proposed changes in government policy on retirement, pension programs, and regulations regarding dismissal of employees.

### Co-determination

Practice whereby union or worker representatives are given positions on a company's board of directors.

**Co-Determination** Some countries require that firms have union or worker representatives on their boards of directors. This practice, called **co-determination**, is common in European countries. Differences from country to country in how collective bargaining occurs are also quite noticeable. In the United States, local unions bargain with individual employers to set wages and working conditions. In Australia, unions argue their cases before arbitration tribunals. In Scandinavia, national agreements with associations of employers are the norm. In France

and Germany, industry-wide or regional agreements are common. In Japan, local unions bargain but combine at some point to determine national wage patterns. Recent labor reform regulations in China are leading to increased union and worker representation in the management of Chinese-owned factories.

## Global Labor Organizations

Global labor relations standards are being addressed by several organizations. The International Labour Organization, based in Switzerland, coordinates the efforts of labor unions worldwide and has issued some principles and rights at work.<sup>4</sup> Such coordination is increasingly occurring as unions deal with multi-national firms that have operations in multiple countries.

Unions throughout the world are also linking up as part of global labor federations.<sup>5</sup> The Union International Network (UIN) is an entity composed of unions from numerous countries. This and other international groups are working to establish international policies on child labor, worker safety and health, training, and other aspects. Also, the UIN is providing aid and guidance to unions in developing countries, such as those in Africa and Asia.<sup>6</sup> U.S. unions are very active in these global entities. In some situations establishing agreements with employers based in the European Union has led to more U.S. union membership in the multi-national firms.<sup>7</sup>

## Global Unionization Differences

The union movement in the United States has some approaches that are different from those used in other countries (such as Singapore). In the United States, the key emphases have been the following:

- *Economic issues:* In the United States, unions have typically focused on improving the “bread-and-butter” issues for their members—wages, benefits, job security and working conditions.<sup>8</sup> In other countries, integration with ruling governmental and political power and activism are equal concerns along with economic issues. In Singapore, the main national labor movement, the National Trades Union Congress (NTUC), which accounts for close to 100% of all the union memberships, is closely aligned the People’s Action Party, which is the ruling political party.
- *Organization by kind of job and employer:* In the United States, carpenters often belong to the carpenters’ union, truck drivers to the Teamsters, teachers to the American Federation of Teachers or the National Education Association, etc. Also, unionization can be done on a company-by-company basis. In other countries, national unions bargain with the government or with employer groups. In Singapore, union-management relations may be formed at the individual company or plant level, taking the form of a “union branch”. A number of union branches may belong to an industry-wide union (industry union; e.g., education services industry) or a general (multi-industry) union representing specific categories of workers (e.g., cleaners, gardeners, general workers; such as the Singapore Industrial and Services Employees Union). Some unions are organized for a specific sector, such as the entire public sector or the “statutory boards”. A union may also be formed to represent all eligible categories of employees in a company or establishment (such as a statutory

board or a commercial company) (called “house union”). Some other unions are formed to represent eligible employees in a particular profession (called “craft” or “occupational” unions; such as pilots, security guards, teachers or bank officers) and they may also have union branches. Some unions are “staff” unions, established to represent non-manual workers in one organization or across different organizations (also organized as union branches).

- *Collective agreements as “contracts”*: In the United States, collective bargaining contracts usually spell out compensation, work rules, and the conditions of employment for several years. In other countries, the agreements are made with the government and employers, sometimes for only one year because of political and social issues. In Singapore, a collective agreement lasts for between 2-3 years and it contains all the terms and conditions of employment for the entire category or categories of employees covered, regardless of whether a particular employee in the category is or is not a union member. All collective agreements are binding contracts and they are gazetted as an official government document (i.e., an award certified by the Industrial Arbitration Court).
- *Competitive relations*: In the United States, management and labor traditionally take the roles of competing adversaries who often “clash” to reach agreement. In many other countries, “tripartite” bargaining occurs between the national government, employers’ associations and national labor federations. In Singapore, the tripartite relationship between the government, the labor movement and employers is so strong that it has become a strategic competitive tool for economic development.

## Union Membership

Union membership has been declining in the U.S. Of the approximately 130 million workers in the U.S., only about 15.4 million belong to a union.<sup>9</sup> Yet, in organizations with organized labor, unions’ demands for pensions and health benefits for both current and retired employees have led to employers trying to cut the number of current plants and workers.<sup>10</sup> The decline in many blue-collar jobs in manufacturing in the U.S. has also been linked to the drop in union membership.<sup>11</sup> This is exacerbated by the perceptions among white-collar workers, who are typically holding technical and professionals jobs, that unions are primarily concerned with serving the needs of blue-collar workers and are not in touch with the concerns of the more educated workers.<sup>12</sup> Historically, although women in pink-collar low-skill service jobs have been somewhat more likely to join unions than women in white-collar jobs, it appears that unions in the U.S. have been more successful in organizing male workers than female workers.<sup>13</sup> In the public sector, unions have had significant success in organizing the employees, capturing about 36%-42% of the civil service workforce at different levels of government.<sup>14</sup>

In Singapore, the stagnation of union membership was also a major concern of unionists and union leaders in the early 1990s. Because the workforce was becoming more educated and technically trained, the traditional focus on organizing the “bargainable” or blue-collar ranks was not adequate for the new economic reality. The proportion of the labor force with collective bargaining memberships in unions was about 15%. The NTUC thus underwent some



internal reviews and decided in 1992 that it should reach out to people of all collars and attract them to join unions for union benefits. For employees who are eligible for traditional collective bargaining and there is a union for them to join at their workplace, they can join as Ordinary Branch members and are given both the protection of collective agreements and union perks. For all other employees who are not eligible for collective bargaining or who work at a workplace where there is no union for them to join, they can sign up to become General Branch members and are given union perks other than coverage under collective agreements. All employed individuals including CEOs can join the General Branch to enjoy the union perks, which include a variety of items, such as shopping and movie discounts and rebates; golf, resort, and other recreational facilities; child-care discounts; and others. The remaking of the organizing strategy has proved to be effective. From about a quarter million members in the early 1990s, NTUC has since increased its total membership to more than half-a-million. The proportion of the resident labor force with memberships in labor unions (General Branch and Ordinary Branch) currently stands at about 26%.

As can be seen in Figure 17-3, union members account for an increasingly larger proportion of the resident labor force in Singapore since the General Branch was conceived in 1992 to attract new members from all categories of employed individuals. From a low of about 15% in the early 1990s, union representation has increased by more than 10 percentage points over the past years. Figure 17-4 further illustrates that union memberships are more popular in Manufacturing, Wholesale and Retail Trade, Hotels and Restaurants, and Transport, Storage, and Communications. Union memberships are less popular

**FIGURE 17-3****Union Membership in Singapore**

Year	Union Members (Including Ordinary and General Branch)	Resident Labor Force (Persons)	Percentage with Union Memberships
1997	260130	1538300	16.9%
1998	272769	1546500	17.6%
1999	289707	1595900	18.2%
2000	314478	Not available	-
2001	338311	1644300	20.6%
2002	389676	1667900	23.4%
2003	417166	1706400	24.4%
2004	443893	1733400	25.6%
2005	450004	Not available	-
2006	463384	1880800	24.6%
2007	494746	1918100	25.8%
2008 estimated	520000	Not available	-
Source: Ministry of Manpower Survey, various years.			

**FIGURE 17-4****Union Membership by Industry**

Industry	Union Members (Including Ordinary and General Branch)	Resident Labor Force (Employed Persons)	Percentage with Union Memberships
Manufacturing	114462	313400	36.5%
Construction	24342	103400	23.5%
Wholesale and Retail Trade	80252	282300	28.4%
Hotels and Restaurants	37209	125400	30.0%
Transport, Storage, and Communications	84888	274800	30.9%
Financial Services	20177	112400	18.0%
All Others	133416	630400	21.2%

Source: Ministry of Manpower Survey, various years.

in Construction and especially Financial Services. Union memberships are moderately popular in the public sector. Excluding statutory boards, the Civil Service employs over 60,000 employees. Amalgamated Union of Public Employees, the largest public sector union with members drawn from the Civil Service and more than 25 statutory boards, has over 16,000 members.

The labor movement in Singapore pays due attention to protect and exercise the collective bargaining rights of eligible employees. To strengthen its ground support, it has also harnessed substantial memberships from the wider workforce through its General Branch. Although the General Branch does not extend protection via collective agreements to the members, it has transformed the labor movement into a social movement that looks after the well-being of the general population. It has earned a good reputation as a people-centric social enterprise.

## Union History

The labor movement in the U.S. started as early as 1794 when shoemakers organized a union, picketed and conducted strikes. In 1806, when the shoemakers' union struck for higher wages, a court found union members guilty of engaging in a "criminal conspiracy" to raise wages. Today, the most prominent union federation in the U.S. is the AFL-CIO, which is a confederation of unions currently representing about 10 million workers.<sup>15</sup> While smaller unions may have to resort to mergers to pool financial and union-organizing resources for survival, larger unions have the advantage of size and visibility and hence may not have to spend funds to organize non-union workers to become members.<sup>16</sup>

In Singapore, the labor movement was given a legal status in 1940 when the British Administration governing Singapore established the Trade Unions

Ordinance. This law was not implemented due to World War II. After the War, labor unions started to mushroom across the island. Between 1946 and mid-1955, widespread labor unrests largely organized by the leftists put a great deal of pressure on employers and the British Government. The unrests resulted in a greater leadership role for local people and by 1959, Singapore was given self-governance status and all the seats in the Legislative Assembly were open to local people. The People's Action Party won the election in 1959, outdoing the leftist Labor Front government. A political struggle between the left-wing labor movement and political activists on the one hand, and moderates on the other ensued and in 1963, the left wing labor movement and political leadership was crippled with many of its leaders detained under the Internal Security Act. The moderates in the labor movement and political activists set up the NTUC in 1961 as part of the split from the leftist counterparts. Hence, since its very first day, the NTUC has been closely linked to the People's Action Party, which has won all the general elections starting from the very first self-governance Legislative Assembly election in 1959.

There are currently 67 labor unions registered under the Trade Unions Act. All but two (namely, Air Line Pilots Association–Singapore and Singapore Transport-Vessels Workers' Association) are affiliated with the sole national union confederation, National Trades Union Congress (NTUC). About 98% of the union members in Singapore belong to the NTUC.

The basic collective bargaining unit in Singapore is a specific category or several categories of employees in a plant or an establishment/enterprise. Some organizations may have several union branches or unions representing different categories of employees. A house union may also be formed to represent multiple categories of employees in the same organization. When an industry union exists, it also negotiates with different organizations in the industry in respect of the specific categories of employees separately. Hence, although there are 67 registered labor unions in Singapore, each year we see about 400 collective agreements (CAs) being certified by the Industrial Arbitration Court. Each CA lasts for 2-3 years, suggesting that there are about 1,000 basic collective bargaining units in Singapore.

The highest authority of the NTUC is the 21-member NTUC Central Committee, which exists to oversee the labor movement. Just like all other grassroots unionists, the Committee members are appointed through an election process. Many of the Committee members are members of Parliament. An election is conducted every four years.

At the more operational level, the NTUC Executive Committee holds the NTUC Delegates Conference every two years to report and review the work of the NTUC as well as to chart its future directions and steps. This Conference is attended by representatives from NTUC-affiliated unions.

Each of the NTUC-affiliated unions is run by a Union Executive Committee. For a union without a branch, the Executive Committee members are elected from candidates who are members eligible to stand for election. The Union's Constitution would clearly specify who is eligible to stand for election. For a union with branches, each branch would elect its own branch officials. Members of the branches can also stand for election to sit on the Union Executive Committee.

## Union-Related Labor Laws

Over the years, the U.S. federal government has taken action to both hamper and protect workers.<sup>17</sup> In the early years, the Railway Labor Act of 1926 and the Norris-LaGuardia Act of 1932 were passed to give rights to workers to organize. Currently, three pieces of legislation greatly impact on labor unions and union members: the Wagner Act of 1935 which ascertains the rights of unions and workers; the Taft-Hartley Act of 1947 which specifies the rights of management; and the Landrum-Griffin Act of 1959 which codifies the rights of union members in their unions. The Taft-Hartley Act allows the President of the United States to declare that a strike presents a national emergency and that negotiations between the union and management should continue during an 80-day cooling off period. Only after that period can a strike occur if settlements have not been reached.<sup>18</sup> Interestingly, slightly more than half of the states in the U.S. are without right-to-work laws, which prohibit requiring employees to join unions as a condition of obtaining or continuing employment.<sup>19</sup> In states that do not have right-to-work laws, employees can be forced to any one of these three things or a variant thereof subject to the negotiated agreement between the union and the employer<sup>20</sup>:

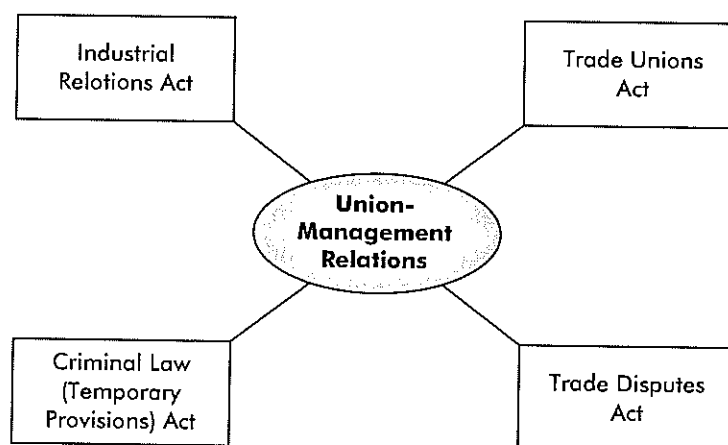
- *Union shop*: Requires that individuals join the union, usually 30 to 60 days after being hired.
- *Agency shop*: Requires employees who refuse to join the union to pay amounts equal to union dues and fees in return for representation services of the union.
- *Maintenance-of-membership shop*: Requires workers to remain members of the union for the period of the labor contract but does not compel non-members to join or pay dues to the union.

In Singapore, the relationship between a union and an employer is governed by four major Acts of Parliament. Figure 17-5 illustrates these four Acts adequately.

The Trade Unions Act prevents a new union from forming if there is already one existing union representing a specific category of employee. An organization may have more than one union representing different categories of employees.

**FIGURE 17-5**

**Laws Governing Union-Management Relations in Singapore**



While rank-and-file (non-managerial and/or non-executive) employees enjoy full union rights and are eligible to form and/or join a union for collective bargaining purposes, the same is not the case for managerial and executive employees.

Under the Industrial Relations Act, junior or middle-level managerial or executive employees may piggyback on a rank-and-file union, if there is one in the organization or plant, for limited representation in respect of retrenchment, breach of contract and dismissal. The employees may also form and/or join a union comprising only junior or middle-level managerial or executive employees (subject to the standard simple-majority support requirement to compel the employer to recognize the union, where necessary) for full collective bargaining rights. Senior managerial or executive employees holding positions or carrying functions that are directly and closely associated with the interests of the employer are not eligible for either the full or the limited union representation. The question regarding who belongs to which categories (rank-and-file, junior/middle-level managerial/executive, and senior managerial/executive) of employees for collective bargaining purposes is usually answered via union-management negotiation or through the conciliation of the Ministry of Manpower. If both of these avenues fail, the Industrial Arbitration Court is the final authority to issue a judgment.

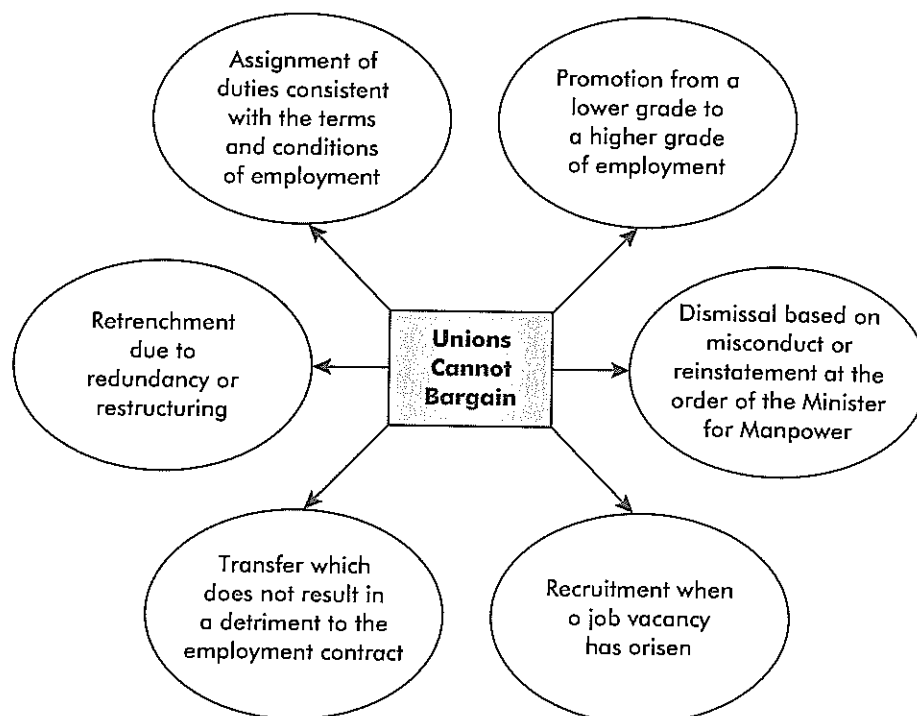
The Criminal Law (Temporary Provisions) Act specifies essential services in which unions have limited rights for industrial action (such as go-slow or strike). Unions in the water, gas and electricity industries are not allowed to take industrial action. Unions in other essential services (such as banking, public transport, public health, broadcasting, bulk distribution of fuel and oil, Civil Defense, and others) must serve a 14-day notice before they carry out an industrial action. It is illegal for a union to take industrial action without first obtaining a majority support from members via a secret ballot.

The Trade Disputes Act specifies that the decision to take part in a legal industrial action is at the sole discretion of the individual union member. Unions and any other parties are not allowed to coerce a union member to take or not to take part in an industrial action. Under both the Trade Unions Act and the Trade Disputes Act, it is illegal to take part in or incite an illegal industrial action.

Under the Industrial Relations Act, disputes between unions and management are first negotiated at the company or plant level. When the dispute cannot be resolved within 14 days, it must be referred to the Ministry of Manpower for conciliation. If the dispute remains unresolved after the Ministry's conciliation, it may be referred to the Industrial Arbitration Court (IAC) for a final judgment. Unions are not allowed to take industrial action if the case has been referred to the IAC and the IAC "take cognizance" of it. If the case has not been referred to the IAC, the union has the option of securing a majority support from the members in respect of the dispute to carry out a legal industrial action. In a legal industrial action, the union is immune from specific liabilities, such as not being liable to a conspiracy to restrain trade and not having to answer to claims from third parties based on tortuous acts.

A dispute may be referred to the IAC and the IAC "takes cognizance" of it under one of several circumstances: (a) either the union or the employer applies to the IAC if the issues are covered by the National Wages Council; (b) joint application by the union and the employer in respect of all other industrial matters (or workplace issues); (c) the Minister for Manpower refers the case to the IAC; (d) the President of Singapore refers the case to the IAC if the



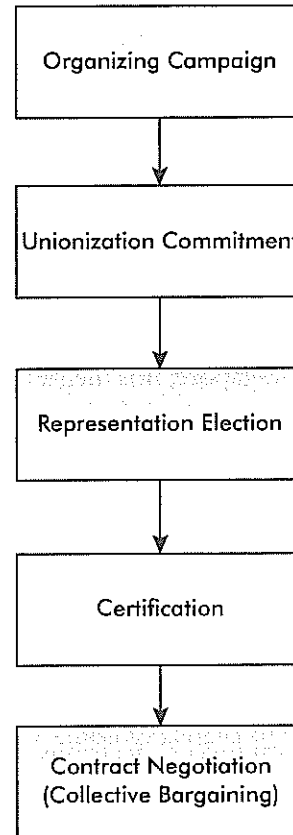
**FIGURE 17-6****Managerial Prerogatives in Singapore**

dispute affects public order/security; (e) either the union or the employer refers the case to the IAC if the issues are related to a transfer of employment from one employer to another (such as when there is a change of business ownership, a merger or an acquisition); or (f) either the union or the employer refers the case to the IAC if the issue is related to retrenchment benefits or breach of contract pertaining to junior/middle-level managerial/executive employees who are eligible for and have joined a rank-and-file union to exercise their limited union representation rights.

There are six managerial issues that are out of bounds to the unions in Singapore. As illustrated in Figure 17-6, unions in Singapore cannot negotiate with employers in six areas, which are deemed as managerial prerogatives. These six areas are recruitment, promotion, retrenchment, dismissal and reinstatement, assignment of duties, and employee transfer. All the six managerial prerogatives are subject to specific conditions. Unions can within the specific conditions query management's decisions in exercising the prerogatives. Additional safeguards are provided for under the Industrial Relations Act, which protects union members or potential union members from being discriminated against by employers due to their actual or potential union membership.

## Unionization Process

The typical union organizing process is outlined in Figure 17-7. The process of unionizing an employee may begin in one of two primary ways: (1) a union targeting an industry or a company, or (2) employees requesting union

**FIGURE 17-7****Typical Unionization Process**

representation. In the first case, the union identifies a firm or an industry in which it believes unionization can succeed. The logic for targeting is that if the union succeeds in one firm or a portion of the industry, then many other workers in the industry will be more willing to consider unionizing.

In the second case, the impetus for union organizing occurs when individual workers at an employer contact a union and express a desire to unionize. The employees themselves—or the union—may then begin to campaign to win support among the other employees.

### Organizing Campaign

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

**Employers' Union Prevention Efforts** Management representatives may use various tactics to defeat a unionization effort. Such tactics often begin when union publicity appears or during the distribution of union membership sign-up forms.

In the U.S. employers have been reported to take several actions to dissuade employees from joining a union, such as holding mandatory employee meetings; distributing leaflets at work and mailing anti-union letters to employees' homes; and providing and using anti-union videos, emails, and other electronic

means<sup>21</sup>. In some union formation disputes, employers tried to take last-minute action to prevent a union from forming by prohibiting the posting of pro-union material on an employee notice board. This was ruled an unfair practice as the company did not have this policy prior to learning about the employees' intention of forming a union.<sup>22</sup>

In Singapore, the responsible labor movement has contributed to the stability of economic development over the past 4-5 decades and employers in general are not anti-union and would not resort to overt anti-union actions. There is a sense of trust among employers that unions would not pose a threat to company survival. However, some small and medium-sized employers may be apprehensive about having a union in the workplace because they fear that unions may "ask for this and that" and this may drain the limited resources they have. In Singapore, it is illegal to provide inducements to induce an employee not to join a union (under the Industrial Relations Act) and it is also illegal to specify in a contract of service that the employee agrees to give up his or her right to join a union (under the Employment Act).

Employers may make strategic decisions and take aggressive steps to remain non-union. Such a choice is perfectly rational, but may require some specific HR policies and philosophies. For example, "preventive" employee relations may emphasize good morale and loyalty based on concern for employees, competitive wages and benefits, a fair system for dealing with employee complaints, and safe working conditions. Other issues may also play a part in employees' decisions to stay non-union, but if employers adequately address the points just listed, fewer workers are likely to feel the need for a union to represent them.

**Unions' Organizing Efforts** The persuasion efforts by unions can take many forms, including personally contacting employees outside work, mailing materials to employees' homes, inviting employees to attend special meetings away from the company, and publicizing the advantages of union membership. Brochures and leaflets can be given to employees as they leave work, mailed to their homes, or even attached to their vehicles. The HR Online feature describes how unions use electronic communications in their organizing efforts. The purpose of all this publicity is to encourage employees to complete and submit union sign-up forms.

In the U.S., some union organizers may pretend to be job applicants and infiltrate a targeted employer to organize and form a union. Employers are allowed to refuse to hire such infiltrators or "slates" for job-related and non-discriminatory reasons.<sup>23</sup>

In Singapore, recruitment is a managerial prerogative when there is a job opening and hence unions cannot bargain on recruitment matters. Unions do not take such a drastic approach as infiltrating to organize the workers. Instead, the labor movement encourages all non-unionized employees regardless of their job positions to first join NTUC as a General Branch (GB) member to enjoy union benefits. These GB members do not enjoy collective bargaining rights. When the majority of a category of employees eligible for collective bargaining in a plant or employer have signed up for the GB membership, the labor movement would then organize the employees into an Ordinary Branch and start a union branch or union for collective bargaining purposes.

**HR ONLINE**

## E-Organizing Aids Unions

To encourage individuals to become involved in unionization efforts, unions have been quite willing to adopt electronic means, such as establishing Websites where interested workers can read about the benefits of unionization. These sites explain workers' rights and give examples of the advantages of being union members. Successes in unionizing groups of employees are described. Also, the differences between wages, benefits and job security are contrasted before and after unionization occurred.

E-mail has also changed union organizing efforts because unions can receive e-mails from workers

wanting information on unionization and their rights to union representation. Other unions have gathered the home e-mail addresses of workers who are targets for unionization and sent those workers union solicitation information.

The majority of the unions in Singapore have gone online. Some unions, however, may need to do so as soon as possible to catch up with the new generation of employees who are web-savvy, web-centric and web-crazed.

### Unionization Commitment

In the U.S., some states and some employers have in action supported the idea that if a majority of the eligible employees have signed an authorization form to appoint a union, then the union should be recognized without having to call for a representation election to formally ascertain whether a union should exist.<sup>24</sup>

In Singapore, many of the unions are formed without the employers calling for a secret ballot to determine whether the majority of the eligible employees are union members. This is called "direct recognition" or "voluntary recognition" by the employer. Probably because of the trust of employers in unions, it is quite common to find a collective bargaining union in existence in an establishment even though only a minority of the category of the eligible employees are collective bargaining members. Nevertheless, when a union claims that a simple majority support from among the eligible employees has been obtained to form a union, the employer has the right to request for a secret ballot, conducted by the Ministry of Manpower, to determine the claim. If indeed a simple majority support for the union exists, then a "compulsory recognition" by the employer is established. The employer must then recognize and bargain with the category or categories of employees as a whole."

### Representation Election

The representation election, more commonly referred to as a "secret ballot" for union formation in Singapore, is an election conducted by an appropriate authority to determine whether a union will represent the employees. One key issue in a representation election is who is eligible for collective bargaining and therefore eligible to cast a vote. In the U.S., the main authority to decide on this issue is the National Labor Relations Board (NLRB).<sup>25</sup> The U.S. Supreme Court, however, is a higher authority to issue a judgment should the union or the employer challenge the decision of the NLRB.<sup>26</sup> About 90% of unfair labor practices filed by unions or employers were settled once the NLRB rulings were



## HR BEST PRACTICES

## Unionization Do's and Don'ts for Managers

Employers can take numerous actions to prevent unionization. All managers and supervisors must adhere to

procedural requirements to avoid unfair labor practices. Listed below are some common do's and don'ts.

### ✓ Do (Legal)

- Tell employees how current wages and benefits compare with those in other firms.
- Tell employees why the employer opposes unionization.
- Tell employees the disadvantages of having a union (union membership fees, etc.).
- Show employees articles about unions and relate negative experiences elsewhere.
- Explain the unionization process to employees accurately.
- Forbid distribution of union literature during work hours in work areas.
- Enforce disciplinary policies and rules consistently and appropriately.

### ✗ Don't (Illegal)

- Promise employees pay increases or promotions if they vote against the union.
- Threaten to close down or move the company if a union is voted in.
- Spy on or have someone spy on union meetings.
- Make a speech to employees or groups when the secret ballot is in progress.
- Ask employees how they plan to vote or if they have signed authorization cards.
- Encourage employees to persuade others to vote against the union.
- Threaten employees with termination or discipline union-advocate employees.

made, while the remaining ones went to the court.<sup>27</sup> In recent years, the unions have won a majority of the elections held.<sup>28</sup>

In Singapore, an election to determine if a union will represent the employees is supervised by the Ministry of Manpower. Before any election, the appropriate bargaining unit must be determined. A bargaining unit is composed of all employees eligible to select a single union to represent and bargain collectively for them. If management and the union do not agree on who is not included in the unit, the Ministry of Manpower must make the determination. If the Ministry's decision is challenged, the dispute can be referred to the Industrial Arbitration Court for arbitration. Supervisors are typically excluded from the bargaining unit because they are junior executives or junior executives implementing and enforcing the employer's policy or decisions to safeguard the employer's interests. If either the union or the employer engage in unfair practices during the election or secret ballot process, either party can complain to the election officials assigned from the Ministry of Manpower. The HR On-the-Job highlights some of the acceptable (not illegal) and unacceptable (illegal) actions managers must be aware of during unionization efforts.

If an election is held, the union need receive only a majority of the votes to compel the employer to recognize the union and bargain with it as a single entity. In the U.S., the "majority vote" is determined based on the actual votes cast. So, if there are 200 eligible employees but only 50 turn out to vote, then the union needs only 25+1 votes to win the election. In Singapore, eligible



employees who do not turn up to vote are treated as though they do not vote in favor of the union. Hence, if there are 200 eligible employees and only 50 turn out to vote, the union would lose. The union would win only if at least 101 eligible employees actually turn out to vote in favor of the union. Unlike the U.S. where disputes involving unions may go all the way up to the U.S. Supreme Court, in Singapore the Industrial Arbitration Court is the highest court to adjudicate matters pertaining to unions. When the Industrial Arbitration Court errs on a point of law, however, such as ordering the managing director of an incorporated company (a separate legal entity) to personally pay the debts incurred by the company, the case may be sent to the Supreme Courts (comprising the High Court and the Court of Appeal) for adjudication. Otherwise, the President of the Industrial Arbitration Court is of the same status as a Supreme Court judge.

### Certification and Decertification

Official certification of a union as the legal representative for designated employees is given by the Ministry of Manpower. Once certified, the union attempts to negotiate a contract with the employer. The employer *must* bargain; refusing to bargain with a certified union constitutes an infringement of the Industrial Relations Act in Singapore.

When members no longer wish to be represented by the union, they can use the election process to sever the relationship between themselves and the union. Similar to the unionization process, **decertification** is a process whereby a union is removed as the representative of a group of employees. If a majority of those voting in the election want to remove the union, the decertification effort succeeds. Some reasons why employees decide to vote out a union are that the treatment provided by employers has improved, the union has been unable to address the changing needs of the organizational workforce, or the image of the union has declined. In the U.S. employers are not allowed to initiate or support a union decertification because this is regarded as a matter between employees and unions. In Singapore, the Registrar for Trade Unions may withdraw or cancel the registration certificate of a trade union at the request of the trade union upon its dissolution, but the Registrar may verify the dissolution in a manner as he or she may require. The Registrar may also deregister a trade union by (1) giving the grounds for doing so, (2) serving at least a 2-month notice to the union, and (3) considering the union's appeal which should be filed by the union within 2 months after the notice is served, if the Registrar is satisfied:

- (i) that the certificate of registration was obtained by fraud or mistake;
- (ii) that any one of the objects or rules of the trade union is unlawful;
- (iii) that the constitution of the trade union or of its executive is unlawful;
- (iv) that the trade union is being used for any unlawful purpose or for any purpose inconsistent with its objects and rules;
- (v) that the trade union has rescinded any rule providing for any matter for which provision is required by section 38 (compulsory info to be included in the union's rules) or has willfully and after notice from the Registrar —
  - (a) contravened any provision of this Act or allowed any rule to continue in force which is inconsistent with that provision; or

#### Decertification

Process whereby a union is removed as the representative of a group of employees.

- (b) allowed any rule to continue in force which is in the opinion of the Registrar oppressive or unreasonable;
- (vi) that the funds of the trade union are expended in an unlawful manner or on an unlawful object or on an object not authorized by the rules of the trade union;
- (vii) that the trade union has ceased to exist;
- (viii) that, in the case of a trade union of workmen in a particular trade, occupation or industry, the union is being used or is likely to be used against the interests of workmen in that particular trade, occupation or industry; or
- (ix) that, in the case of a trade union of workmen in a particular trade, occupation or industry and having regard to the existence of another trade union or other trade unions of workmen in the same trade, occupation or industry, it is necessary in the interests of the workmen in that particular trade, occupation or industry, to cancel or withdraw the certificate of registration of the trade union.

Under (vii), it is legal for the employer to challenge a union's existence based on the argument that a majority support for unionization has ceased to exist.

### Contract Negotiation (Collective Bargaining)

#### Collective bargaining

Process whereby representatives of management and workers negotiate over wages, hours, and other terms and conditions of employment.

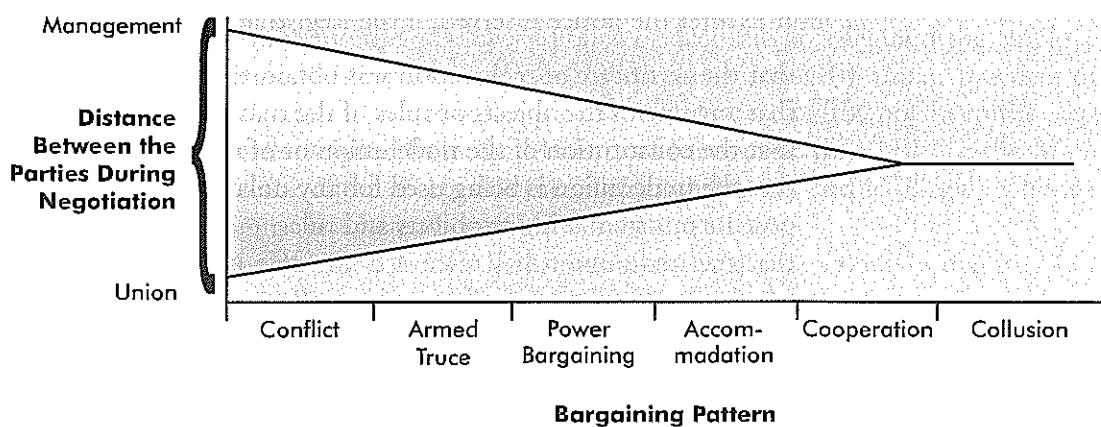
**Collective bargaining**, the last step in unionization, is the process whereby representatives of management and workers negotiate over wages, hours and other terms and conditions of employment. This give-and-take process between representatives of the two organizations attempts to establish conditions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

Management/union relations in collective bargaining can follow one of several patterns. Figure 17-8 depicts them as a continuum, ranging from conflict to collusion. On the left side of the continuum, management and the union see each other as enemies. On the right side, the two entities join together in collusion, which is relatively rare. Most positions fall between these two extremes.

The power relationship in collective bargaining involves conflict, and the threat of conflict seems necessary to maintain the relationship. However, perhaps the most significant aspect of collective bargaining is that it is a continuing

**FIGURE 17-8**

**Continuum of Collective Bargaining Relations**



relationship that does not end immediately after agreement is reached. Instead, it continues for the life of the labor agreement and beyond. Therefore, the more cooperative management is, the less hostility and conflict with unionized employees there is that carries over to the workplace.<sup>29</sup> However, this cooperation does not mean that the employer agrees to all union demands.

## Collective Bargaining Issues

As mentioned earlier in this chapter, in the U.S., unions in states that do not have right-to-work laws can compel new employees to join a union, compel non-union members to pay union dues, compel union members to stay on as members for as long as they are employed in the job once they join a union, or a combination or variant of the above. Unions are not allowed to use fees paid by non-members for election-related purposes without the non-members' express authorization.<sup>30</sup>

In Singapore, union membership is 100% voluntary. Unions are not allowed to coerce employees to join a union but they are allowed to entice employees to do so. All the terms and conditions secured by a union are applicable to all employees in the category or categories of employees covered by the collective agreement regardless of membership status. Yes, non-members enjoy the fruit of the union's labor without having to pay the membership fees. This clearly may give rise to free-riders who simply wait for the union to secure the collective agreement in their favor. The Government hence appears to give very high regard to freedom of association and freedom of choice to employees—which includes the freedom not to be associated with a union.

To address this free-rider problem, the labor movement capitalizes on the many business cooperatives it has set up over the past decades and provides many perks (such as discounts and rebates) to union members. It also harnesses the support of various businesses and non-business organizations across the island to jointly provide additional discounts and special packages to union members. On top of this, it also keeps the union membership fee at a minimum. Currently, the union membership fee is about S\$9 per month. Union members can easily recoup this membership cost from the various union scholarships and bursaries, financial assistance for the needy members, training opportunities and training subsidies, discounts and rebates on grocery and other purchases, special incentives, free gifts, use of facilities, and other union perks.

Union members may pay their membership fees through regular deductions from their payroll or via GIRO (an inter-bank fund transfer system in Singapore).

A collective agreement must contain a referee clause which stipulates that any unresolved disputes must be referred to a referee appointed by the Industrial Arbitration Court (IAC) so that the IAC can help bring both sides to an agreement. This reference service, however, does not amount to an application to the IAC to adjudicate the case. This distinction is important because once the IAC takes cognizance of the case (as mentioned earlier in this chapter) and becomes the adjudicating body to deal with the dispute, the union is no longer allowed to take industrial action to exert its influence.

A collective agreement must also specify which categories of employees are covered and which are not covered by it. It may contain a clause to state that non-members will not enjoy better terms and conditions of employment than members, but not vice versa. In other words, it cannot contain a clause to state that non-members may, can or are given terms and conditions that are less favorable than members. A grievance procedure is also a standard feature in a collective agreement to detail the procedure that a workplace dispute can be first solved internally between the union and the employer. If a dispute cannot be resolved via this grievance procedure, the Industrial Relations Act takes over as the Act specifies how outstanding workplace issues are handled by the Ministry of Manpower and the Industrial Arbitration Court.

A collective agreement lasts for between 2-3 years in Singapore, as specified by the Industrial Relations Act. All collective agreements must thus specify the period during which they are effective. For administrative clarity, the collective agreement should also specify how soon (typically 6 months before the end of the current agreement) either party can initiate a negotiation for the next agreement. The union can negotiate with management on all industrial matters (workplace-related matters) except the six managerial prerogatives as mentioned earlier in this chapter (see Figure 17-6).

All collective agreements are regarded as an award by the Industrial Arbitration Court and they are legally binding. They are gazetted as legal documents officially via the court system in Singapore.

## The Collective Bargaining Process

The collective bargaining process consists of a number of stages: preparation and initial demands, negotiations, settlement or impasse, and strikes and lockouts. Throughout the process, management and labor deal with the terms of their relationship.

### Preparation and Initial Demands

Both labor and management representatives spend a considerable amount of time preparing for negotiations. Employer and industry data concerning wages, benefits, working conditions, management and union rights, productivity, and absenteeism are gathered. If the organization argues that it cannot afford to pay what the union is asking, the employer's financial situation and accompanying data become all the more relevant. However, the union must request such information before the employer is obligated to provide it. Typical bargaining includes initial proposals of expectations by both sides. The amount of rancor or calmness exhibited may set the tone for future negotiations between the parties.

**Core Bargaining Issues** The primary focus of bargaining for both union and management is on the core areas of wages, benefits and working hours and conditions. The importance of this emphasis is seen in several ways.

Union wages and benefits generally are higher than in non-unionized firms. Studies have shown that a union membership may be worth US\$10,000 or more per year in the U.S.<sup>31</sup> In Singapore, unions also have improved the terms

**FIGURE 17-9**

**Union-Management Disputes Referred to the Ministry of Manpower for Conciliation/Mediation 1997, 2002, 2007**

Dispute Type	1997	2002	2007
<b>Total</b>	253	260	133
Wages/Conditions of Service	157	126	82
Retrenchment Benefits	14	48	6
Bonus/Gratuity	31	25	15
Others (Sales Commission, Shift Allowance, etc.)	51	61	30

Note: There are some 1,000 collective agreements (collective bargaining entities) in force at any one time throughout the years.

and conditions of unionized employees. For example, it is typical in a collective agreement to provide for one month of pay per year of service as retrenchment benefits for employees covered by the agreement. In the non-organized sector, individual employment contracts typically do not provide for such retrenchment benefits. Figure 17-9 displays the common disputes that have arisen in the collective bargaining processes in Singapore. Given that there have been only about 1,000 collective bargaining units in Singapore, union-management disputes do not appear to be common.

### Continuing Negotiations

After taking initial positions, each side attempts to determine what the other side values highly so that the best bargain can be struck. For example, the union may be asking the employer to pay for dental benefits as part of a package that also includes wage increases and retirement benefits. However, the union may be most interested in the retirement benefits, and may be willing to trade the dental payments for better retirement benefits. Management must determine what the union has as a priority and decide exactly what to give up.

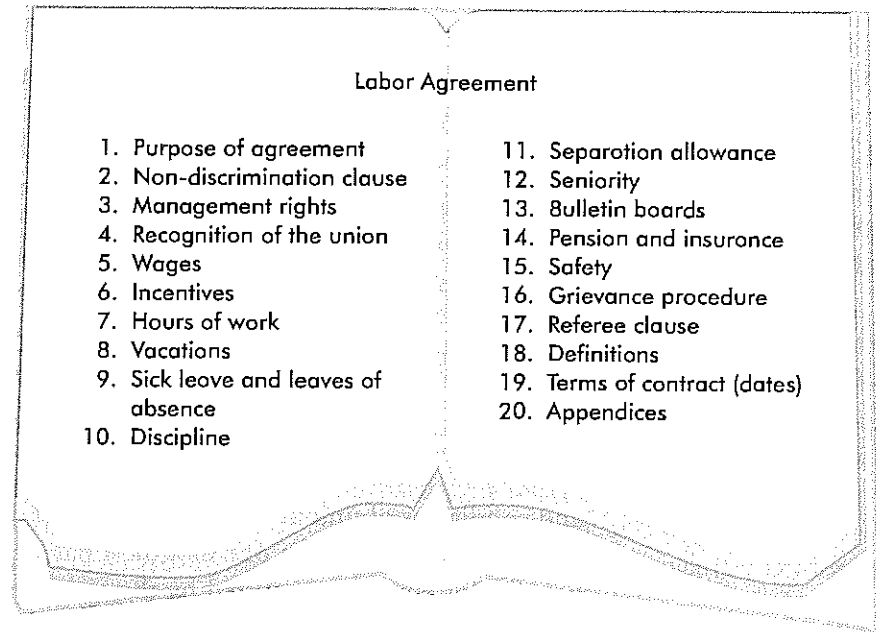
**Good Faith** In Singapore, both the Ministry of Manpower and the Industrial Arbitration Court require that both employers and union bargaining representatives negotiate in good faith. In good-faith negotiations, the parties agree to send negotiators who can bargain and make decisions, rather than people who do not have the authority to commit either group to a decision. To be more effective, meetings between the parties should be conducted professionally and address issues, rather than being confrontational. Refusing to bargain, scheduling meetings at absurdly inconvenient hours, or other conflicting tactics may lead to employers or unions filing complaints with the Ministry of Manpower.

### Settlement and Contract Agreement

After reaching an initial agreement, the bargaining parties usually return to their respective constituencies to determine if the informal agreement is acceptable. A particularly crucial stage is **ratification** of the labor agreement, which occurs when

**Ratification** Process by which union members vote to accept the terms of a negotiated labor agreement.



**FIGURE 17-10** Typical Items in a Labor Agreement

union members vote to accept the terms of a negotiated labor agreement. Before ratification, the union negotiating team explains the agreement to the union members and presents it for a vote. If the members approve the agreement, it is then formalized into a contract. Figure 17-10 lists typical items in labor agreements.

### Bargaining Impasse

Regardless of the structure of the bargaining process, labor and management do not always reach agreement on the issues. If they reach an impasse, then the disputes are taken to conciliation, mediation or arbitration.

**Conciliation** Process by which a third party assists union and management negotiators to reach a voluntary settlement.

**Mediation** Process by which a third party helps the negotiators reach a settlement.

**Arbitration** Process that uses a neutral third party to make a decision.

**Conciliation and Mediation** When an impasse occurs, either party may notify the Ministry of Manpower in Singapore. The Ministry will then try to conciliate the party to help them reach an agreement. When this does not work out, the Ministry will then call a compulsory conference to try to mediate the dispute. In **conciliation**, the third party assists union and management negotiators to reach a voluntary settlement, but makes no proposals for solutions. In **mediation**, the third party helps the negotiators reach a settlement.<sup>32</sup>

In neither conciliation nor mediation does the third party attempt to impose a solution. Sometimes, *fact-finding* helps to clarify the issues of disagreement as an intermediate step between mediation and arbitration.

**Arbitration** In **arbitration**, a neutral third party makes a decision. Arbitration can be conducted by an individual or a panel of individuals. Fortunately, in many situations, agreements are reached through negotiations without the need for arbitration.<sup>33</sup> When disagreements continue, strikes or lockouts may occur. In Singapore, a trade dispute may be referred by the Ministry of Manpower to the Industrial Arbitration Court (IAC) for compulsory arbitration. When the IAC has taken cognizance of the dispute, the union cannot go on to take an

industrial action (strike or go-slow including work-to-rule). The President of the IAC is the officer in charge and he or she has the same status of a Supreme Court judge. Other conditions under which the IAC may take cognizance of a dispute were described earlier in this chapter. Typically, the IAC would try its best to use its 10-employer referee panel and 10-unionist referee panel to help the disputing parties resolve the differences before holding a formal hearing. If a hearing actually takes place, the IAC may use its own independent considerations to award a fair solution to the disputing parties. This IAC's judgments are final and cannot be challenged in any other court except when it errs on a point of law.

## Strikes and Lockouts

**Strike** Work stoppage in which union members refuse to work in order to put pressure on an employer.

**Lockout** Shutdown of company operations undertaken by management to prevent union members from working.

If a deadlock cannot be resolved, an employer may revert to a lockout—after a union reverts to a strike. During a **strike**, union members refuse to work in order to put pressure on an employer. Often, the striking union members picket or demonstrate against the employer outside the place of business by carrying placards and signs. In a **lockout**, management shuts down company operations to prevent union members from working. This action may avert possible damage or sabotage to company facilities or injury to employees who continue to work. It also gives management leverage in negotiations.

**Types of Strikes** Five types of strikes can occur:

- *Economic strikes* happen when the parties fail to reach agreement during collective bargaining.
- *Unfair labor practices strikes* occur when union members leave their jobs over what they feel are illegal employer actions, such as refusal to bargain.
- *Wildcat strikes* occur during the life of the collective bargaining agreement without approval of union leadership and this is illegal in Singapore. Strikers can be discharged or disciplined.
- *Jurisdictional strikes* exist when members of one union walk out to force the employer to assign work to them instead of to members of another union. This is unlikely to arise in Singapore because a specific category of employees can be covered by a maximum of one union under the Trade Unions Act.
- *Sympathy strikes* take place when one union chooses to express support for another union involved in a dispute, even though the first union has no disagreement with the employer. This is illegal in Singapore under the Trade Unions Act.

In the U.S., as a result of the decline in union power, work stoppages due to strikes and lockouts are relatively rare. In a recent year only 22 strikes and lockouts occurred. Over three-fourths of the work stoppages ended within 20 days.<sup>34</sup> This is occurring because many unions are reluctant to go on strike due to the financial losses their members would incur or the fear that a strike would cause the employer to go bankrupt. In addition, management has shown its willingness to hire replacements, and some strikes have ended with union workers losing their jobs. In Singapore, there has been no industrial action since 1978 except in 1986 when 61 union members in an oil rig service company carried out a 2-day strike. The strike was a result of unfair labor practices, such as the sacking of 6 unionists.

## HR BEST PRACTICES

## Singapore's Tripartite Response to the Global Economic Downturn

When the global financial market and economy were struck by the U.S. sub-prime crisis in late 2008, the three major partners in Singapore, namely, the Ministry of Manpower, the National Trades Union Congress and the Singapore National Employers Federation, immediately sat down to think of the necessary strategic responses and came up with a Tripartite Guidelines on Managing Excess Manpower.

The Guidelines comprise a wide variety of actions employers can take to react positively, strategically, and constructively to the economic shock, including:

- **Skills Program for Upgrading and Resilience (SPUR):** Instead of cutting their workforce, employers should send their workers for subsidized, high-quality skills training and upgrading.
- **Shorter work-week, temporary layoff or other work arrangements:** Request employees to take up to 50% of their earned annual leave; reduce the work week by up to 2 days per week on half-pay or more for up to 2 months; layoff employees for 1 month at a time at half-pay or more.
- **Flexible wage system:** Adjust the various components in the employer's wage system if such components are available. For example, adjust the

various components including variable bonus payment, prior-negotiated annual wage increment, monthly variable component, and annual wage supplement (fixed bonus).

- **Retrenchment:** If necessary, retrench employees as a last resort but do so responsibly. To help employees cope with the transition, provide as much notice as possible and maybe pay a compensation of about 2 weeks to 1 month of pay per year of service. For employees covered by the Employment Act, the minimum notice periods for termination for various lengths of service should be given to the retrenched employees.

This quick and comprehensive response to a major and sudden external economic shock by the three partners was made possible by the strong foundation and spirit of tripartism created in the past 4 decades. The result? Coupled with other major governmental initiatives that take the interests of all three parties into consideration, such as the Jobs Credit Scheme under which employers are subsidized to retain employees who are Central Provident Fund member, the retrenchment figure for the First Quarter of 2009 stood at only 5,500, compared to some estimates that put it as high as 99,000 for the whole of 2009.<sup>35</sup>

**Replacement of Workers on Strike** Management retains and sometimes uses its ability to simply replace workers who strike. In the U.S., workers' rights vary depending on the type of strike that occurs. For example, in an economic strike, an employer is free to replace the striking workers. However, with an unfair labor practices strike, the workers who want their jobs back at the end of the strike must be reinstated. In Singapore, employees covered by the Employment Act can be dismissed after the employees are absent from work for more than 2 consecutive work days without acceptable excuse or without trying to inform the employer of the absence. Going on strike is apparently not a good reason to be absent from work in the eyes of the employer. This is thus a major deterring legal provision that discourages union members from taking a strike action that lasts for more than 2 consecutive days.

## Union/Management Cooperation

The adversarial relationship that naturally exists between unions and management may lead to strikes and lockouts. However, such conflicts are relatively rare. Even more encouraging is the recognition on the part of both union leaders and employer representatives that cooperation between management and labor unions offers a useful route if organizations are to compete effectively in a global economy, as the HR Best Practices describes.

During the past decade, numerous firms have engaged in organizational and workplace restructuring in response to competitive pressures in their industries. Restructurings have had significant effects, such as lost jobs, changed work rules and altered job responsibilities. When restructurings occur, unions can take different approaches, ranging from resistance to cooperation. Specifically, when unions have been able to obtain information and share that information with their members in order to work constructively with the company management at various levels, then organizational restructurings have been handled more successfully. Specific cases of organizations benefiting from union-management cooperative efforts have been documented in both the private<sup>36</sup> and the public sector.<sup>37</sup>

### Employee Involvement Programs

In the U.S., anti-union employers may resort to setting sham, management-dominated “company unions” and coercing employees into joining them in order to keep legitimate unions from organizing the employees. The Wagner Act thus contained prohibitions against employer dominated labor organizations. To avoid rendering such employee involvement programs illegal, employers must try to appoint workers to be the primary decision-makers in such programs and also keep the programs focusing on issues other than wages, hours and working conditions.

In Singapore, employee involvement programs (such as quality control circles) are encouraged by the Government since the late 1970s as part of the national effort to upgrade the country’s economy. This economic transformation has been ongoing for three decades and it has not lost its momentum in line with the incessant pace of globalization and technological, financial and biological advances throughout the world. Over the years, issues covered by collective agreements are kept separate from such employee involvement programs. The trust of employers in the Government-supported labor movement appears to have kept the practice of sham “company unions” from arising in Singapore.

### Unions and Employee Ownership

Unions in some situations have encouraged workers to become partial or complete owners of the companies that employ them. These efforts were spurred by concerns that firms were preparing to shut down, merge or be bought out. Such results were likely to cut the number of union jobs and workers.

Unions have been active in helping members put together employee stock ownership plans to purchase all or part of some firms.<sup>38</sup> Such programs have been successful in some situations but have caused problems in others. Some in the labor movement fear that such programs may undermine union support by

creating a closer identification with the concerns and goals of employers, instead of “union solidarity.”

## Grievance Management

**Complaint** Indication of employee dissatisfaction.

**Grievance** Complaint formally stated in writing.

Unions know that employee dissatisfaction is a potential source of trouble for employers, whether it is expressed or not. Hidden dissatisfaction grows and creates reactions that may be completely out of proportion to the original concerns. Therefore, it is important that dissatisfaction be given an outlet. A **complaint**, which is merely an indication of employee dissatisfaction, is one outlet. Complaints are often made by employees who are not represented by unions.

If an employee is represented by a union, and the employee says, “I should have received the job transfer because I have more seniority, which is what the union contract states,” and she submits it in writing, then that complaint becomes a grievance. A **grievance** is a complaint formally stated in writing.

Management should be concerned with both complaints and grievances, because both indicate potential problems within the workforce.<sup>39</sup> Without a grievance procedure, management may be unable to respond to employee concerns because managers are unaware of them. Therefore, a formal grievance procedure provides a valuable communication tool for the organization, whether a union is present or not.<sup>40</sup>

## Grievance Responsibilities

The typical division of responsibilities between the HR unit and operating managers for handling grievances is shown in Figure 17-11. These responsibilities vary considerably from one organization to another, even between unionized firms. However, the HR unit usually has more general responsibilities. Managers must accept the grievance procedure as a possible constraint on some of their decisions.

## Grievance Procedures

**Grievance procedures** Formal channels of communication used to resolve grievances.

**Grievance procedures** are formal channels of communication designed to resolve grievances as soon as possible after problems arise. First-line supervisors are usually closest to a problem. However, these supervisors are concerned with

**FIGURE 17-11**

**Typical Division of HR Responsibilities: Grievance Management**

HR Unit	Managers
<ul style="list-style-type: none"> <li>• Assists in designing the grievance procedure</li> <li>• Monitors trends in grievance rates for the organization</li> <li>• May assist in preparing grievance cases for arbitration</li> <li>• May have responsibility for settling grievances</li> </ul>	<ul style="list-style-type: none"> <li>• Operate within provisions of the grievance procedure</li> <li>• Attempt to resolve grievances where possible</li> <li>• Document grievance cases for the grievance procedure</li> <li>• Engage in grievance prevention efforts</li> </ul>



many other matters besides one employee's grievance, and may even be the subject of an employee's grievance. To receive the appropriate attention, grievances go through a specific process for resolution.

**Union Representation in Grievance Procedures** A unionized employee generally has a right to union representation if he or she is being questioned by management and if discipline may result. Employers are not required to allow non-union workers to have co-workers present in grievance procedure meetings. However, employers may voluntarily allow such a presence.<sup>41</sup> In Singapore, although non-union members enjoy the same benefits as members as long as they belong to the same category of employees covered by a collective agreement, the union may choose not to represent a non-union member in a grievance proceeding. This seems fair as the non-union member is not required to pay union membership fees or to join the union.

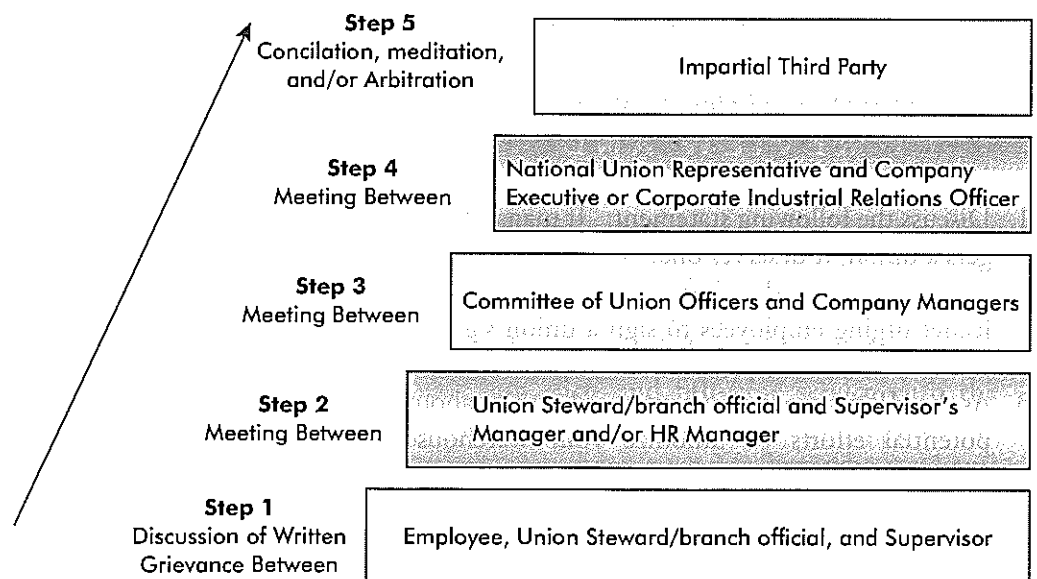
### Steps in a Grievance Procedure

Grievance procedures can vary in the number of steps they include. Figure 17-12 shows a typical grievance procedure, which consists of the following steps:

1. The employee discusses the grievance with the union steward/branch official (the representative of the union on the job) and the supervisor.
2. The union steward/branch official discusses the grievance with the supervisor's manager and/or the HR manager.
3. A committee of union officers discusses the grievance with appropriate company managers.
4. The representative of the national union to which the branch union belongs discusses the grievance with designated company executives or the corporate industrial relations officer.

**FIGURE 17-12**

**Steps in a Typical Grievance Procedure**



**Grievance arbitration**

Means by which a third party settles disputes arising from different interpretations of a labor contract.

5. If the grievance is not solved at this stage, it goes to arbitration. An impartial third party may ultimately dispose of the grievance.

**Grievance arbitration** is a means by which a third party settles disputes arising from different interpretations of a labor contract. This process should not be confused with contract or issues arbitration, discussed earlier, in which arbitration is used to determine how a contract will be written.

## SUMMARY

- A union is a formal association of workers that promotes the interests of its members through collective action.
- Workers join unions primarily because of management's failure to address organizational and job-related concerns.
- Unions are becoming more global as the world economy expands, and global labor federations are expanding, despite differences in approaches.
- In attempts to grow, unions are targeting professionals, low-skill workers, and contingent and part-time workers.
- The unionization process includes an organizing campaign, union sign-up forms, a representation election, certification and decertification, and contract negotiation through collective bargaining.
- Collective bargaining occurs when management negotiates with representatives of workers over wages, hours, and working conditions.
- The issues subject to collective bargaining fall into three categories: mandatory, permissive, and illegal.
- The collective bargaining process includes preparation and initial demands, negotiations, and settlement and contract agreement.
- Once an agreement (contract) is signed between labor and management, it becomes the document governing what each party can and cannot do.
- When an impasse occurs, work stoppages through strikes or lockouts can be used to pressure the other party.
- Union/management cooperation has been beneficial in a number of situations.
- Grievances express workers' written dissatisfactions or differences in contract interpretations.
- A grievance procedure begins with the first-level supervisor and may end—if the grievance is not resolved along the way—with arbitration by a third party.

## REVIEW AND APPLICATION QUESTIONS

1. Discuss the following statement: "If management gets a union, it deserves one."
2. Suppose a co-worker just brought you a union leaflet urging employees to sign a union sign-up form. What may happen from this point on?
3. As the HR manager, you have heard rumors about potential efforts to unionize your warehouse employees. Use the *www.genelevine.com* Website to develop a set of guidelines for supervisors if they are asked questions by employees about unionization as part of a "union prevention" approach.

## CASE

**Pros and cons of union leadership****According to Madam Chew Mok Lee****Janet Ho***The Straits Times*, 1 May 1996

You have to be thick-skinned. You must like people enough not to begrudge the time you spend taking care of their well-being.

As the general secretary of the house union of the Productivity and Standards Board (PSB), Madam Chew, 33, knows being a union leader means that no task for her union members must be seen as too small to do.

For example, even though she has been busy organizing a May Day charity event, she takes time off to do mundane tasks like replacing a lost membership card for a member.

The mother of three is the assistant head of a PSB centre which develops small enterprises. At work, however, union members can, and often do, come to her with requests and problems.

She also coordinates members' participation in NTUC activities and holds union-management talks.

In all, Madam Chew, one of the rare few in management who lead unions, spends a day a week on union work.

Taking up the SILS (Singapore Institute of Labor Studies; now known as Ong Teng Cheong Institute of Labor Studies) diploma in industrial relations opened her eyes to how unions operate, she says, especially as she has always been on the management side.

When her organization wanted to start its own house union, in 1995, she was roped in to help and elected to its executive committee.

"You need to have a passion to serve other people," she said. "When you help them, and members are happy, you get a sense of satisfaction."

**According to Mr Yeo Chun Fing**

Like Madam Chew, Mr Yeo says the happier times, when members show appreciation for services, outweigh the frustrating moments.

"Members can become unreasonable when they still want the sky even though you have done everything to help them," says the 39-year-old industrial relations officer with the Amalgamated Union of Public Employees (AUPE).

As an IRO (Industrial Relations Officer), he provides services to the branches under AUPE and advises them on labor laws and attends to whatever problems members might bring to him.

His days are long, as he meets members after office hours and attends meetings with part-time branch union officials in the evenings.

The SILS (Singapore Institute of Labor Studies; now known as Ong Teng Cheong Institute of Labor Studies) diploma allowed him to see the management perspective of issues as he had been involved in industrial relations on the workers' side for over 10 years.

He has not lost out in pay in making the career switch, he says, adding, however, that his old job in the university is more secure. "It does not really happen in Singapore. But when new union leadership gets elected, you may just lose your job."

**According to Mr Bobby Tay**

Union work can also be seen as an alternative career. As deputy general secretary of the Singapore Bank Employees' Union, Mr Tay, a clerk in a bank, thinks the experience will shore him up should he choose to opt permanently for union work.

He says his years of union involvement have affected his career development.

"It is not that management black marks you. But I have been seconded by the bank for some years into part- and full-time service with the union, and it is hard for the bank to appraise my performance there," says Mr Tay, who is 42 and single.

## CASE

He feels that he has gained tremendously through his union work. For example, he honed his interpersonal skills and learned to understand management's points of view in programs through the diploma.

"The experience makes me a more rounded, better person. But most of all, I enjoy the sense of freedom of working in the union, and the friendly atmosphere."<sup>42</sup>

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## Questions

1. Design a recruitment and selection system to identify potential high-performers who can lead a labor union in Singapore. Please justify your answers.
2. Develop a career development program to attract talented employees who can become future union leaders in the long run. Please justify your answers.

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