

Balanced Human Resource Management Averted Unions in Private Sector of Pakistan

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Abstract: Employee unions usually remain counterproductive for private organizations. This review of literature examines the role of Human Resource Management (HRM) practices between the employee unions and organization requirements. Literature review method adopted to critically analyze the existing literature through secondary resources to see the ways to avert the role of unionization from organizations. The objective of the paper is to address the gap in literature, how HRM averts unionization in private organizations. It concluded that the unionization can be averted through effective HRM that ensures better practices fulfilling needs of both the employees and organization.

Key words: Labor Union • Human Resource Management • Work Practices • Relationships

INTRODUCTION

Couple of centuries ago, though the employment had replaced the ancient callous slavery however the creed of employers continued centering on their profit making and giving lesser weight to the needs and predilections of their labor. As result laborers in the world had to strive hard to gain their rights [1]. Administration, personnel management and now human resource management (HRM), all have been centric to organizations' benefit without adequate sincerity in maintaining equilibrium between the requirements of organization and labors [2]. Governments thus had to ensure definition and implementation of laws that protect labor rights. Nevertheless, laws for labor and employee rights have been defined well, still most of the modern employers believe in maintaining HR department as their puppet. Historically, the movement of labor rights and relations initiated in 1859-1860 when a breach of contract with employees and workers was committed [3]. This breach was inhuman as it treated workers like slaves and made them liable for criminal penalties for non-compliance with the contract terms. Likewise, the world adopted labor protection measures. Since 1947, Pakistan has been updating various labor laws in compliance with national and international labor standards and Witley Commission workers Compensation Act, 1923, Trade Union Act, 1926

and Factories Act, 1934 etc. for protecting its labors. The primary objective of these labor laws is to keep a balance between the rights and privileges of workers and organizations [4].

This study clarifies that it does not intend discussing any specific labor law or its relevant amendments so far made or yet required. The study in fact targets analyzing the unionization among workers with a novel perspective. Nevertheless, the labor laws in Pakistan generously allow workers in any kind of establishment, private or public, industrial, corporate, agricultural or others to form unions as per Trade Union Act, 1926 for protecting their rights, the formation of workers union in different organizations in Pakistan have resulted both positive and negative effects [5]. Setting workers responsible to strive for their rights might have been rationale two centuries ago when slavery was being abandoned gradually as employers were not tempted to entertain worker's predilections and needs on priority [6]. However, in this era where HRM standards and practices have excelled effectively, forming unions for seeking welfare and rights is not of immediate concern for most workers especially in the private organizations with good HRM standards [7]. Such findings through observations and empirical experiences in the reputed private sectors of Pakistan give rise to the questions, "Is it a wise approach to put employees in the hassle of forming unions, though lawful,

for seeking their legal and rightful benefits?”, “Why can’t the employers, especially in private sector, be trained and motivated to respect and implement the employee’s welfare, safety, security and benefits as this has been rendered as one of the primary functions of modern HRM?”

Problem Statement: The workers in organizations join or form union usually under belief that their representative is necessary among the management for ensuring their betterment otherwise their requirements and aspirations could not be communicated to the management properly [8]. The workers further form unions imitating the latest trends in the industry or sectors with intentions to maintain a pressure on the management to abide by the applicable labor laws. Where unions exist, most workers believe that its presence is the only solution for their survival and growth or else employers shall not bestow their privileges and shares [9, 10]. While this study finds all these rationale for unionization rational, it has been true that in Pakistan unions in various organizations have been exploiting their presence seeking undue advantages and violating expected legal code of conduct. Such unleashed liberal unionization requires a code of conduct necessarily during conflict management. Unions in Pakistan directly or indirectly affecting the work related activities of management, organizations and that of workers both positively and negatively.

Alternatively with the course of decade long optimization in the HRM practices, employers from the private and industrial sector of Pakistan gradually started adopting balanced HRM policies considering and enabling the HR department as a representative of employees/workers when it is with management and that of management when it is with workers [11]. This abridging role of HRM officials or department is extremely challenging. However, a large part of the private sector in Pakistan observed this approach through experiential learning and reports from strong and reliable personal contacts. Because of such novel slant, union formation is reportedly mitigated, especially in the private sector of Pakistan over the last three decades [12]. Nevertheless, such novel transformation in HRM department’s role from puppet of employers to representatives of workers is now evident in the practices of numerous reputed private employers in Pakistan. Literature has yet not incorporated this aspect of balanced HRM connecting it with the content on unionization. This gap in the existing literature needed a

study that shall compare, analyze and synthesize a lucid view on prevailing pro-unionization creed among workers and pro-balanced HRM practices and policies among management.

Objectives of Study: This study aspires to find out that how private sector of Pakistan is able to make its employees happy and performing without unionizations but government sector employees are not performing well as compare to private sector, although they have employee unions. The objective encompasses filling the gap in literature, how balanced HRM averts unionization in organizations, especially in private sector. The main purpose is to collect, examine and interpret the existing literature on the effects of union on HRM practices and explore the relationship between union members and management and further to find the ways that how HR practices can lower the need of unions. Furthermore, the purpose is to append in the literature, the novel transformation in the role of HRM practitioners who now reportedly work both as actors for organizations and as its employees simultaneously.

Methodology: This paper focused on a number of different studies that reviewed literature on union and non-union effects of human resource management and different work place practices for example, hiring, recruiting and selection, employee relationship, groups and job satisfaction, job evaluation, promotion, performance appraisal, pay and rewards system. The structure of this paper started from presenting the history and background of labour laws and practices in subcontinent and particular in Pakistan. Then present the literature on the effect of union on the management and then outlined the relevant literature review on positive and negative effect of union on the management. Finally, conclusion of the study and importance of future research in this area is given.

This qualitative research utilized reliable secondary sources of available information on labor laws in Pakistan especially those relating to labor unions. The study further utilized reports on practices of HRM in the private sector of Pakistan including any type of business organization. The reports accessed through reliable and authentic personal contacts in private sectors, informal interviews of workers/employees in private sector with unions and with established HR department. It further presented real examples of both types of effects of unions positive and negative in various organizations.

Examples of Unionization in Pakistan: The union role is to defend the rights of workers or their members and settlement of the disputes cordially by establishing some rules dealing with Institution's status and recognized terms and conditions, accepted to all union members. The constitution of 1973, Islamic republic of Pakistan guarantees the right to every citizen and Government employees (except the armed forces), can formalize an association or join union and give liberty to choose a trade or occupation to every citizen, irrespective of the discrimination based on gender, religion, race and ethnicity.

This paper examines the positive and negative examples related to the effective adoption of the high performance work practices that can play an important role in overcoming the formation of the unionization in the firms. Despite a number of examples can be found related to the positive or negative role of the unionization, this paper only presents two examples to depict how organization mitigated unionizations through better HR management, policies and procedures.

Employees of National Database & Registration Authority (NADRA) formed Employees welfare association of Pakistan (NEWAP) and started demonstrations throughout the country in favor of regularization of their job. More than 18000 employees have been hired on contract basis from last 12 years [13]. Union introduces mechanism for collective voice of all the employees that affects both substantive rules governing employment relations and the procedures for rule making and dispute settlement [14]. For example, when (NADRA) employees were the members of NEWAP, they were terminated from their services during protest and strike. Chairman (NADRA) had reinstated 61 terminated employees of NADRA who were involved in strikes after hearing [13]. The purpose of bargaining tactics is to achieve the internal consistency and attaining specified outcomes [15]. The management of NADRA had taken positive steps in settling down the employees' regulation issues through collective bargaining.

As far as Industrial Relation Ordinance 2002 was concerned, the specific purpose was to bring out the harmonious relationship between workers and employees and facilitate the development of congenial environment to industrial activities growth and peace. Labor unions in Pakistan have opposed privatization in corporations and banks. At the time of privatization of Pakistan telecommunication authority (PTCL), about 57000 employees were serving and strong union existed in

PTCL. Union Action Committee was against the privatization process and has been fighting for three months and then suddenly one day they accepted privatization deal on terms and conditions of the corporation. After privatization, to minimize the effect of union, management has introduced different kinds of rewards based on the employees performance and recognized the services of the lower level employees by giving more significant status in the organization [16].

Literature Review: Literature addresses effect of union on management practices at large. The new strategic role of HRM is supportive and caters the needs of organization through paving harmony among employers and employees that is further described as "*High Performance Work Practices*" (HPWP) and "*High Involvement Work Systems*" [17]. The effect of union varies for industry to industry and firm to firm. Unionized firms opted number of different HR practices [18].

Koch and Greg supported the idea that union gave voice to workers in workplace to exercise their right to reject or accept the management decision, dialogue with the management can end with a better solution of a problem through constructive give and take [18]. Kochan *et al.* explained the reason why unionism in the manufacturing industry of United State of America was declined [19]. They found that manufacturing firms in USA innovatively introduced work related good practices that were mean of avoiding unionizations. Management considered union as hindrance to work place flexibility and timely completion of task. This anti-unionism attitude of the management based on the belief that unions were threat to the managerial sovereignty. The middle level management, who expected to translate the needs of the employees and organization strategies into action, has little input in work related strategies [19, 20]. These studies reinforce the theme of this study.

Slichter and Robert argued that union could enhance efficiency and productivity by putting pressure on management to tighten job production standards and accountability to preserve profits in the face of higher wages, better balance between the employer and employee requirements and communication [21]. This study however criticizes Slichter and Robert as productivity is not always caused by the unions' voice but sometimes its policies and actions that bound productivity and efficiency. Gunnigle discovered that performance related pay of individual is negatively correlated with the presence of a union and therefore 75

percent of nonunion firms adopted pay related performance systems [22]. Gunnigle thus strengthened perception of this study that its compensation and benefits that affect performance and productivity instead of unions. Cohen-Rosenthal and Cynthia further reinforced this study understanding proving that effective communication could not be possible in the presence of unions and in fact it hinders the necessary direct communication among the employees and employer; and hence, lack clarity about the messages [23]. Effective HRM policies are hence necessary for the employee' relations, motivation, cooperation and strong corporate culture that are usually not achievable because of unions could shrink this ability of the firm [24]. Such modern knowledge thus demands reconsidering the conventions of unionization among employees and only organizational pro HRM creed.

Presence of such HRM system protecting the rights of employees and employers is thus incumbent in this era as it has restrained employees from making unions in the private sector of Pakistan. Effective HRM practices can minimize the temptation and urge for union through developing better relations with employees and provision of freedom to express their voice. Recently, Barbara also concluded that effective human resources management practices act as a "substitute for unions" [25]. These facts enable this study to state that unionization is now an obsolete mechanism of ensuring employee or worker's rights as modern and effective HRM can easily replace it. Organizations, government and employees in Pakistan are thus encouraged to learn, adopt and adapt as per this changing scenario. Hassan and coauthors suggested that employees' high compensation is positively correlated with generating satisfaction in the employees even without unions among them [26].

DISCUSSION

Based on the literature review, observations and relevant reports, this theoretical and empirical study concluded that the balanced HRM policies and practices has been an effective tool for averting unions in private sector of Pakistan and its subsequent negative effects. Effective HRM in private sector significantly enhanced the satisfaction and loyalty of employees as catharsis of their grievances had been ensured directly by the management. Barbara has already reinforced this conclusion discovering an indirect positive relation between balanced HRM and organization productivity

[24]. The literature also supported the concept that innovatively introducing the work related performance incentives are positively related with mean of avoiding unionization [19, 27-29].

CONCLUSION

Future empirical and quantitative studies are recommended to focus on types of HRM practices that constitute better aversion of unionization and enable HR management to fulfill the requirements of both employees and organization in different industries. It would also be worthwhile to undertake case studies that provide company's point of view on challenges, difficulties, complexities and trends related to the union practices and how HRM helped it resolving the same. This should help to get a clearer picture of the human resource management practices that organization should use to avert the negative role of unionization.

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