

Employee relations in an organisation



Employee relations is a legal notion and is observed in organisation wherever work is carried out or exchanged for payment or wages or remuneration between an employee and an employer. Smooth flow of employee relations has become an important element of an organisation. In essence it can be said that employee relations is concerned with interaction between employer and employees. (Farnham David, 2000). In an the employee relations practices are due to number of factors, the important factors are:-

The process of conflict resolving used.

The interest of buyers and sellers for human resource skills.

The rules and agreements made by buyers and sellers and their agents.

(Farnham David, 2000)

Employee Relations occupy the body of work apprehensive with maintaining employer-employee relationships that add to agreeable productivity, motivation, morale and self-confidence. Employee Relations is mainly concerned with solving problems of employees which affect their work. It is believed that participation of employees in decision making and other areas of organisation helps to enhance performance of employees and also helps improve employee motivation and improves work culture in an organisation.

Employee relations are an interdisciplinary approach which uses concepts from history, psychology, sociology, economics and political science. It is a complex process and is dynamic force for organisations success.

According to Lewis et al (2003) industrial relations mean dropping industries and blue-collar workers with main importance on collective bargaining amid

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trade unions and employees whereas employee relations suggest that wider range of employment is provided with equal importance on white collar workers and non-union employment issues.

Employee relations are relevant in today's organisations because of following reasons:-

Tremendous increase in white collar workers.

More number of people willing to do jobs in white collar professions.

Increase in number of laws to protect the interests of employees.

The rewards provided to employees for their work in form of bonuses, recognition, appreciation etc.

During the course of this module, I have decided to take up Palmar Group Of Companies an organisation.

This organisation is a textile industry which was established in 1974. It consists of 5 manufacturing companies which are located entirely in Mauritius. All 5 companies deal in textiles but 3 companies concentrate in woven items such as Denim Jeans and cotton trousers while the other 2 offer knitted products such as T-shirts, polo-shirts etc. The 5 companies were operating under different names:- Tee-sun ltd, Palmar ltd, Sweat-Sun ltd and Palmar Trading ltd respectively. But later in the year 2008, after the merger process took place the 5 companies now function under the brand name “ Palmar limitee”. Palmar group focuses on customers' demands and provide innovative and high quality products.

Organisational structure

The most important internal factor that affects employee relation is organisation structure. The structure of organisation affects the success of an organisation. There are different types of structures namely: – functional structure, divisional structure and matrix structure. Palmar group had functional structure since there was Chairman, Managing director, Production manager, Sales manager etc. The chairman who had studied management was himself the production manager. This structure helped to achieve functional goals successfully but at the same time employees did not clear view of goals of organisation, they were not inventive and the coordination was lacking.

Size

Palmar group had a large size so it was difficult to define employee employer relationship. It was difficult to communicate as compared to a small organisation. Since there was only one chairman one production manager one managing director for whole group for five organisations it was difficult to control and maintain relationship and understanding with employees of all five companies. Employees could not easily communicate with managers. For the success of organisation understanding, coordination and cooperation is necessary. A size of organisation when is so large that its employees cannot interact and influence one another leads to failure. (Moorhead Griffin, 1992)

Shift Flexibility

In Palmar group Production was carried out 24 hours because of high demand patterns. There were three shifts in which production was carried

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out Morning shift, Evening shift and late night shift. While on the other hand office operated in only two shifts morning and evening. The relationship between employee and employer was strong because they were located far away from each other but in Mauritius. They could not see and meet each other and were not able to discuss their grievances, expectations, performance and problems.

Strategy

Palmar group aims at fulfilling needs of customers by providing innovative products. It is known for providing quality products along with honouring social and environmental responsibilities. Their vision is to be best and they aim for excellence. Porter (1990) formulated three strategies which are:-

Low cost leadership strategy

Differentiation strategy

Focus strategy

Palmar group followed differentiation strategy as they provided products different from their competitors in terms of quality and satisfaction of customers. In a survey conducted in Mauritius Palmar group was rated 7.5 on scale of 10 for quality. Innovation in their textiles is also part of their strategy. Number of employees contributed their differentiation strategy which leads to satisfaction and motivation of employees but at the same time some employees faced problems which led to intragroup conflicts.

Culture

Culture is the exclusive constitution and pattern of norms, values, beliefs, procedures, regulations, and ways of behaving that define the manner in which employees work and behave in an organisation. (Eldridge & Crombie, 1974). It helps to know how employees are expected to behave and work in organisation. (Daniels, 2006). Daft (1998) suggests that there are four different models of corporate culture:-

Adaptability/entrepreneurial culture

Mission Culture

Clan culture

Bureaucratic culture

Palmar Group followed Entrepreneurial culture which aims at bringing change to meet the needs of customers. In this the relationships change as and when the changes in job roles take place and people within organisation change. As Mauritius is a fast moving and developing country where Palmar Limitee operates this type of culture is commonly found and seen. In Palmar group innovation and creativity was the aim to satisfy needs of customers, due to this reason it was able to thrive in Entrepreneurial culture. Textile industry is ever changing and advancement is the essence of textile industry, which is why this type of culture was suitable for Palmar Group.

Trade Unions

It refers to an organisation, which consists of employees, who seek to sort out and represent their interests in the workplace as well as society and

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largely controls their employee relationship by the collective bargaining with management of the organisation or putting pressure on government. It is a group of people largely consisting of workers of different processes in an organisation whose main aim is to improve relations between employee and employer associations. (Daniel, 2006) A trade union can be dependent as well as independent. According to Gennard and Judge (2005) Trade Unions have main purpose of improving standard of living and protection of its members. Trade Unions presence is lower in small firms. However at Palmar Limitee there are no Trade unions but there was a workers council which use to work for welfare of workers and protect their rights. Also they represent employees who have grievances and they negotiate with employer. The change in approach of government towards union has led to change in economic circumstances which have forced unions to come together with companies to adopt a corporative approach (Budhwar, 2002).

Role Of Management In Employee Relations

According to Hutchinson and Purcell (2003), the behaviour of forefront management directly influences the commitment, efficiency, motivation, satisfaction, behaviour of employees. Management can control employees by adopting appropriate organisational structure, by decide who should receive what type of training , by replacing employees by machines, by setting targets, by encouraging teamwork etc. In Palmar group it was ensured that employees grow within organisation, employees worked in groups of 4-5 people and targets were set for individual groups and there was leader for 5-6 group of employees, rules and regulations were explained when an employee joined the organisation.

Styles of management in employee relations

Purcell and Sisson (1993) explained five different styles of management of employee relations. The five styles are:-

Traditionalists

Sophisticated paternalists

Sophisticated moderns (constitutionalists)

Sophisticated moderns (consulters)

Standard moderns

In Palmar Limitee sophisticated modern style was observed as there was no trade union but there was a worker council which use to solve grievances of workers. Bargaining was done by the members of council on behalf of employees and was taken seriously.

Leadership

Leadership is the ability to influence others towards achievement of goals.

An organisation needs strong leadership (Robbins and Judge, 2010). A leader motivates, enables, influences, guides other to achieve organisational objectives. Lewin et al (1939) Lippitt and White (1959) carried out into three different leadership styles which are as follows :-

Democratic leadership

Laissez-faire leadership

Authoritarian leadership

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In Palmar group, Transformational leadership style was followed, where visions were set by leaders and they had the power and ability to change goals. The leader provided new ways of doing things and provided new opportunities. The leader use to inspire followers to transcend their own-self interests for the good of the organisation. A transformational leader communicates high expectations and expresses important issues simply. This can lead to negative effects on employees because more challenging task can reduce an employee's effectiveness and efficiency. Moreover as employees were not involved in decision making process which highlighted authoritarian leadership also. Broadly, both authoritarian and transformational leadership styles were observed in Palmar Group.

External Impact On Employment Relationship

External environment depends on 3 factors (Daft, 1998) which are:-

Stability, complexity, dispersed. Palmar group can be considered as stable because it changes from time to time to provide innovation and creativity in its products.

It is complex because it is a large organisation having 5 companies and it has large number of suppliers, buyers and products.

Also Palmar Limitee is dispersed as it has 5 companies which are scattered at different locations in Mauritius, which is why it has large number of external factors imposing on it. External factors include:-

Technological Factors

Social factors

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Economic factors

Political factors

Legal Factors

Ethical/Environmental Factors

Mauritius is a sovereign and democratic country where law plays a vital role. Recently Employee Act 2008 was introduced and companies including Palmar group are abiding by this Act.

Also Employment Relations Bill replaced Industrial Relations Act, 1973 which aims at bringing about changes in trade unions, rights of both workers and employers.

Economic Factors have an important role in the success of organisation. It includes laws relating to employment, inflation, taxation and exchange rates. Palmar limited follows to the changes made in the employment act which are as follows:

f~ Section 14: Normal Working Hours

f~ Section 16: Overtime

f~ Section 17: Public Holidays

f~ Section 18: Meal & Tea Breaks

f~ Section 19: Meal Allowances

f~ Section 24: Payment of Remuneration in Special Circumstances

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f~ Section 26: Transport of Workers

f~ Section 27: Annual Leave

f~ Section 28: Sick Leave

During the time of Inflation many workers were removed from jobs and there were a large number of layoffs. The production of textiles was limited as demand was low.

Palmar group worked keeping in mind the guidelines issued of government for ethical and environmental factors. It use to set strategies to achieve environmental goals. In Palmar Limitee the wastage was minimised and there were cleaner production programs. It worked in accordance with provisions of environmental protection Act, 1970. Under the Act, the waste which is discharged into the environment must accord with State environment protection policies (SEPPs) which identifies advantages of waste for particular segments of the environment and sets objectives and clears limits.

In textile industry a lot technological changes have been taking place. Information technology plays an important role in textile industry. Palmar Limitee uses four M's i. e men, material, machine and money. For the success of organisation managers put spotlight on bringing together all these factors. Palmar limitee took support of IT to enhance its Supply Chain Management (SCM). In real meaning it is believed that many textile companies are increasing the technological power in order to add value to their business.

Power

The capacity of one person to influence the behaviour of other person so that others acts as he/she wishes is called power. (Bass, B. M. and Stogdill, 1990).

Like leadership, power was not into hands of one person hands and everyone is given equal opportunity to exercise power. According to French and Raven (1958) there are five bases of power:-

Reward power

Legitimate power

Expert power

Referent power

Coercive power

In Palmar Limitee Expert power and Legitimate power was observed.

Decisions were taken by employees having some special knowledge in a particular area which is superior to the knowledge that other employees have. This type of power has a narrow focus. (Daniels, 2006). The work of experts in Palmar Limitee was always convincing than the work of other employees. Also power was based on authority. Employees in Palmar Limitee believed that a leader had right to influence them. But in some organisations it is unsuccessful because employees do not respect the leader.

Role of Employees in Employee Relations

In an organisation an employee interacts in two different ways i. e. in a group and as an individual (Daniels, 2006). In Palmar Limitee also employees

behave differently as a group and as an individual. An Employee develops a relationship with management but when an employee works in a group an employee develops relationship with the whole group. It is impossible to make a view how an employee behaves in employee relation. Different employees have different personalities. Bebin (1996) identified five different styles:-

Receptive subordinate

Self-reliant subordinate

Collaborative subordinate

Informative subordinate

Reciprocating subordinate

In all the organisations all these types of employees are there, so were in Palmar limitee.

On the other hand, according Eysenck and Wilson (1975) there are two dimensions of personality:-

Introversion and extroversion dimension known as E-dimension

Neuroticism dimension known as N-dimension

These dimensions suggested 28 different traits of personality of employees such as carefulness, responsibility, control, expressive, sociable, calm, unhappy, inactive etc.

A manager should understand the personality of employee in order to develop positive employee relations. In Palmar limitee managers and leaders lacked in understanding the nature and personality due to which they were not able to develop very good relations with employees. As a result, there was less interaction between managers and employees.

Recommendations

Suggestion boxes and subordinate -subordinate discussions are recommended in which employees can have opportunity to identify and discuss their problems, grievances and issues with management.

There should be assimilation of different cultures in the organisation.

There is presence of conflict in Palmar limitee and it should be managed before it becomes dysfunctional. Employees should be encouraged to take conflicts in a good light and should deal with them.

The employees at Palmar limitee should nurture trust as only trust can build relationships. Also trust is an important element of employee relations.

Empowerment, participation and involvement are important elements of employee relations which can be fulfilled by training. It is recommended that special training sessions, fairs and seminars are arranged for both management and employees. Also management should consider introducing TQM. This will provide employees with feeling of commitment towards organisation as well as job and will also increase satisfaction of employees.

It is recommended that worker's council should become more operational. Management will not have to deal with mass employees they will only have

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to deal with representatives and things will be sorted. This is beneficial for management.

Conclusion

In conclusion it can be said that the employee relations at Palmar limited is complex and requires large number of interactions both internal as well as external. Palmar limited is not conflict free like other organisations. Palmar Limitee is dynamic and accepts changes. They should make efforts so that there is proper interaction between management and employees. It is observed that employees are less involved in decision making and other aspects. They should try to bring about recommended changes to improve employee relations.