

Managing human capital collective bargaining external factors



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Introduction:-

HRM is very important for every organization. The function of HRM is to cover the several elements like inside and outside of the organization. The HR managers very carefully pay attention on the external environment, because external environment also significantly affect the human resource practices, planning and polices, due to this reason human resource managers are busy for scanning and analysing the external environment, after analysing and scanning the external environment factors the role of human resource managers are to balance these external factors very efficiently with the internal factors to achieve the goals of the organization.

Definition:-

The HRM involves in four different functions lead, organize, plan and control, such kinds of function may affect the business environment internally and externally. The main external environmental factors which affect the business are economical, technological, political and sociological (Montana & charnov, 2000)

Technological:-

Technology is one of the most dramatic external environmental factor. It changes very quickly. If market changes it overnight the management keep the organization position in flexible and adopt new technology or change in technology for the organization objective. (Karger, 1991)

Technology is the external factors. This factor also affect the human resource practices, planning and policy, because in this modern age without technology the organization cannot achieve its strategic goals. In order to <https://assignbuster.com/managing-human-capital-collective-bargaining-external-factors/>

develop new products to remain in the competitive, technology is very helpful by using the technology the HRM and organization can store the unlimited data.

Role of HRM in Technological:-

The human resource managers play very vital role for the implementation of the technology in an organization. The implementation of technology means change in an organization as well as polices. They call the meeting of the employees and tell them about the technology as well as human resource managers also provide training to the employees about the technology which they implement in an organization. The successful HRM in an organization identify and take action when the change in technology. The very essential role of HRM when change in technology they also help to the line manager and give the proper training to the line managers regarding the new technology as well as they also tell that how the line manager will train the new employees and also ensure that new employees have right technological skills.

Political Factor:-

Political/Governmental factors are also external factors. These factors change when the Government change. The political factors are like trade regulation, minimum wage, tax policies etc. The HRM is bound to adopt this external environment factor.

Role of HRM in Political/Government Legislation:-

The major role of HRM when any change in political factors, they adopt the political factors and must follow the political factor as above we discussed

the some political factors like minimum wage, new legislation etc. The essential role of HRM in any organization in UK that they are bound to give minimum wage to their employees as well as implement the new legislation which the Government settled as well as HRM must follow the laws, rules and regulation when they are recruiting or terminating the employees. The managers also predict that what are the major political changes are coming in the countries, because any change come in this external environment factors it also disturb the human resource manager planning and polices. The political factor is also called the Government Issue/legislation.

Economic Factor:-

The one of the most important external environment factors is economic factor. This factor affect very effectively to the country as well as the organization, in general this factor includes interest rate, inflation and unemployment. The organization cannot control such kinds of factors.

Role of HRM change in Economic Factor:-

The main role of HRM when any change comes in economy they take action as soon as possible if the economic factors is not good for the organization the human resource manager take the step of downsizing in staff as well as stop the new recruitment for manage the organization financial stability and stabilize the organization in the economic crisis. When the economic condition of the organization is good the role of human resource managers is totally different they recruit the staff train the staff for achieving the strategic goals of the organization.

Socio-Cultural Factor:-

The socio-cultural is an external environmental factor. In general environment this is very vital element. The socio-cultural includes social classes, reference groups, language, population, lifestyle, pressure groups, the above mentioned elements directly affect the organization.

Role of HRM change in Socio-cultural Factor:-

Human resource managers must change their actions according to the desire of the society in which they work with the change of social and customs values and the change in taste human managers need to adopt change as well, for instance the HRM provides good working environment, flexible working hours and children care facility to their employees.

Examples of External Factors:-

Pizza Hut:-

Technology is very important for every organization when any change come in technology the role of every human resource manager is same like the role of Pizza hut human resource manager. When change in technology the role of Pizza hut HRM was they put the organization in to flexible position and adopted the new computer technology and they trained their staff according to the new computer technology, like online ordering, mobile portable card machines. This was the external change which the Pizza hut HRM implemented. (Interview)

Iris Trading Company:-

When the economy of Pakistan went down the organization economy of Pakistan also went down the iris trading company human resource manager

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took the step of downsizing to save the organization they stopped the new recruitment and cut off the employees to give them the lump sum amount or golden hand shake before the retirement of the age. (Personal Experience)

Tesco:-

The British Government introduced the legislation that no company will sell the cigarette to underage. Role of Tesco human resource management they implemented this law in to the organization as well as train their staff according to this Government legislation and Tesco HRM also pay to their employee above the minimum pay per hour which the British Government has settled. (Interview)

Primark:-

When any change comes in socio-cultural the role of Primark HR is they judge the people attitudes their culture, life style, language and area then recruit the staff regarding the people life style, culture and language in the particular area, which is very beneficial for the customers as well as to the organization to attract the customers. (Interview)

Benefits of External Environmental Factors:-

As the above discussion there are four external environmental factors which especially influence in every organization as well as their HR department.

These four factors are economic, technological, socio-cultural and political.

The main advantage of latest technology is HR can easily perform their functions very efficiently, with the help of technology the HR can reduce the cost of employee and provide better result to the organization. If any change comes in economy factor it is also very good for HR the main advantage of

economy factor is HR can recruit the staff to achieve the strategic goals of the organization which are very beneficial for the organization as well as if any change also occur in political and socio-cultural this change also give advantages to the human resource managers. if any change in socio-cultural it good for HR to understand the people thinking their life style and the nature of people with the help of this HR may recruit the staff according to the socio-cultural environment which is good for the organization as well as any change in political give advantage to the HR easily implement the Government polices without any confliction between the HR and the employees. (Robert L. Mathis, 2007)

Drawback of External Factors:-

Every factor has advantage and disadvantage if any change comes in technological factors it is very difficult for HR to replace the old technology with new once, because this thing affect the HR polices and planning as well as HR managers are addict to use the old technology when they adopt the new technology they will spend more money on technology as well as the staff training which is not good for the organization, same as if change in economy factor then there is also a big cons for HR they will recruit the staff spend money on the training of staff as well as to cut off the staff both condition are unfavourable for the HR planning. The major disadvantage for HRM is when change in political change in this change HRM bound to implement this change within the organization. This external environmental badly affect he HR polices and planning. (Robert L. Mathis, 2007)

HRM Practices to Gain the Sustainable Competitive Advantage:-

Definition:-

” Sustainable competitive advantage is the unique position that an organization develops in relation to competitors that allows it to outperform them consistently (Hofer and Schendel, 1978)”

HRM Practices:-

Many organizations use their HR to gain the sustainable competitive advantage, because HR plays very vital role in the hiring of staff.

HR practices, theoretically, have little potential for being a source of sustained competitive advantage (Wright et al, 1994)

Pfeffer in 1994 has described 16 HR practices that HRM may gain the sustainable competitive advantage through employees as well. But we are discussing 5 more effective practices of HRM for gaining the continuously competitive advantage which are given below.

Team Job redesign**Staffing, Including recruitment****Appraising/Performance****Incentive Pay****Training and Development****Employment Security****Participation and Empowerment****Long Term Perspective****Employee Owner Ship****Wage Compression****Measurement of Practices****Cross Training & Cross Utilization****Promotion****Overarching Philosophy****Symbolic Egalitarianism****Information Sharing**

Team Job redesign: The role of HR in any organization is very important to achieve the sustainable competitive advantage as well as to achieve the strategic goals of the organization. The HR departments of big organizations make the team and give them the task regarding the strategic planning of the organization as well as HR is also design the job for the team. The team work in any organization is very helpful to gain the sustainable competitive advantage.

Apple:-

Apple is a company deal in electronic like IPHONE, IPAD, and APPLE MAC etc. The HR department of apple is very helpful for the success of apple products, because the HR of apple keep the people in to teams and design the jobs for them round about 10 thousand peoples are working on apple applications, due to this reason no one can steal or copy the apple applications as well as day by day apple is introducing new products in the market which are such a outstanding as well as apple is gaining with the help of this hr practice sustainable competitive advantage.

Staffing, Including Recruitment: The one more important HR practices to gain the continuously competitive advantage is staffing, including recruitment, because very important asset for the organization and HR is staff. HR practices include to motivate the staff motivated staff means more productivity for the organization. If the organization needs more staff the HR recruit the excellent and efficient staff train the staff regarding the job and design the job and also motivate new staff, however productive staff is very helpful to gain the sustainable competitive advantage.

2) Toyota:-

According to M. Reza Vaghefi Toyota is achieving the sustainable competitive advantage with the help of human resource, because they told that human resource recruit very competitive staff and give them proper training according to the company desires so M. Reza also include Toyota employees are very productive and motivated, due to this reason Toyota today Toyota is gaining continuously competitive advantage in the market. (sysdoc. doors.

ch/TOYOTA)

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Appraising/Performance: HR practices always have link with the strategic of the organization. This HR practice is very essential to check the performance of the whole organization employees, because if the managers as well as the employee's performance are good then the organization is able to achieve the sustainable competitive advantage, however HR use the method of appraising to check the performance of individual employees. Now a day's many organizations check the performances of their employees through 360 degree appraising method. To gain the continuously competitive advantage this appraising/performance HR practice very important for any organization.

Primark:-

The HRM of Primark checks the performance of their employees through 360 degree appraising method once in a year. This HR practice is very beneficial for the company because day by day Primark getting more and more profit as well as Primark has been nominated two time retailer of the Year Award at the World Retail Awards in 2008 and 2009. So we can say that appraising is very important practice of HR to achieve the sustainable competitive advantage. (Interview)

Sainsbury's:-

Sainsbury's deals in all kind of food, HR of Sainsbury's use the 360 degree appraising method to check the performance of the employees. The sustainable competitive advantage is also depending on the performance of the employees. (Interview)

Incentive Pay: Incentive pay also includes the HR practice this practice is very essential to motivate the staff, because motivated staff is a key of

success as well as to achieve the sustainable competitive advantage to the organization. We can also say that it is a pay of performance. After checking the performance of the employees the organization HR gives pay of performance to them who performed very productivity to gain the sustainable competitive advantage as well as the strategic goals of the organization. The incentive pay could be in the form of bonuses, share, debenture etc.

Tesco:-

Tesco is the world 3rd largest retail company in the retail chain. The HR of tesco plays very vital role to achieve the strategic goals of the organization as well as to remain the tesco in the sustainable competitive advantage. Tesco HR gives the incentive pay to their staff after check the performance in the form of share and bonuses. (Interview)

Training and Development: The main practice of HR is training and development of employees. Training is very important and vital for the employees because with the help of training HR tell to the employee regarding the job task etc. Training give the idea to the employee that when to do, how to do, a trained employee can perform their duty very efficiently which is very beneficial for the organization to achieve the strategic and continuously competitive advantage. This is possible with the help of HR training practice.

Asda:-

Asda is the American company but established in Britain. The HR of Asda is playing very essential role for the Asda to gain the sustainable competitive

advantage in the UK as well as company strategic goals. The main role of HR in Asda is to train the staff according to the job. Asda has multi skills staffs. They can work anywhere, any place in the store. This is very helpful for Asda to reduce the staff cost as well as to achieve the competitive advantage.

(Interview)

Conclusion:-

As the above discussion the role of HRM is very prominent when any changing in the external environmental factors. HRM try to adjust these factors with the internal factors and try that these factors does not affect the organization internal environment as well as today HR practices are very important for every organization to gain the sustainable competitive advantage, because HR plays very essential role in the hiring of the employees. If the employees of the organization are productive and innovative then the organization has sustainable competitive advantage, so the HR practices are the bon of the organization.

B) Collective Bargaining:-

Introduction:-

Collective bargaining is a negotiation among the employees and employers it could be regarding wage, incentive, sack of the employees etc. The main purpose of collective bargaining is to remove the confliction or dispute among the employees and employers. In this bargaining employers on the one hand and employees on the other hand with their representative called union. In the collective bargaining union must has some collective interest

since the negotiations which are the beneficial for the several employees as well as union charge their services from the employees.

Union role is very vital in this negotiation, because union is representing the whole employee's ideas, interest and their demand. Union do the bargain with the employer regarding new terms and condition of the employment.

This negotiation and new agreement among the employers and employees is called collective bargaining agreement.

Research on Collective Bargaining:-

The research which has been done on the collective bargaining for 50 years says that collective bargaining point outs the cost of people behaviour which is the more important as compare to benefits, while planning the national collective bargaining structure to compete in international market. Many countries are giving special consideration for the welfare of the employees.

Definition of Collective Bargaining:-

The collective bargaining is the procedure of negotiation among the employees, employers and union. This negotiation is regarding the working terms and conditions between employees and employers as well as removes the confliction between both parties (Clegg, 1976)

Collective Bargaining:-

Collective bargaining when the worker union negotiate with the employer regarding the terms and condition of the employee is called collective bargaining like holidays, working hours, job rotation, employment security, wage etc.

Collective Bargaining Agreement:-

This is an agreement which is done as a result of negotiation or collective bargaining among the workers, union and employers regarding the wages, is called collective bargaining. Mostly employee's terms and condition brings change in this agreement. This agreement is very beneficial for employees rather than the employers.

Compensation Packages/Collective Bargaining Issues:-

According to Robert L. Mathis (2007) Most of the times compensation packages are negotiated through collective bargaining, this is also known as collective bargaining issues which are given below.

Working Conditions

Pay/Wages

Job Security

Hours

Fee Collection

Pension

Suspension

Overtime

Grievance Procedures

Bonus

Evaluation

Medical Leaves

Shifts of Timing

Basic Pay

Recalls

Maternity Leaves

Relaxation Periods

Insurance

Dismissals

Paternity Leaves

Overtime Charges

Promotion

Regular working hours

Allowances

Seniority

Holiday Pay

Incentive/Pay Performance

These are the compensation packages or collective bargaining issues which are mostly negotiated through collective bargaining agreement.

Working of Collective Bargaining:-

The working of collective bargaining means that employers and union should have to agree on an action plan of collective bargaining E. G.

Who is a representative of employees for negotiation?

How many time, when and which place both parties will meet up for bargaining/discussion

If more than one union is involved then how dialogue will be take place.

In the bargaining how many employees are involved

Which terms and condition is debateable in the bargaining?

The bargaining will take place in the organization or outside the organization.

(direct. gov. uk)

Collective Bargaining In Good Faith:-

The procedure of collective bargaining should be decided by using the positive thinking and best efforts.

Both parties talk get-together and should have to consider all the suggestion of each others.

In the bargaining if there is any standstill or any other matters both parties should have to carry on the negotiation until they reach an agreement.

Both parties should have to give respect to the representative.

In the bargaining do not try to talk with the people who is behind the scene.

In the bargaining do not deflate the representative this may cause of deterioration of bargaining process.

Both parties do not spoil the agreement by crossing its clauses and provision to employees not covered by that agreement.

There is an authentic reason for an agreement that must have not any excuse. (Kiely Thompson, 2007)

Advantage to workers:-

Collective bargaining gives the high self-esteem as well as productivity to the employees.

The management cannot take any illogical action against the workers because collective bargaining restricts the management autonomy.

The employees of the organization can easily bargain with the top level of management for their benefits and interests.

It also gives the job protection to the employees.

Disadvantage to Employees:-

If any employee is not the member of union he pays union services.

Probably it makes the division between employees and the management/employer.

Advantage to Employers:-

Collective bargaining is very important for the employers as well, because through it they can easily resolve the problems of the workers instead of individuals.

It opens the communication channel between the employees and employers and employees can contribute in decision making.

It also plays very essential role to resolve the confliction in the organization.

Disadvantage to Employers:-

The employers cannot force the employees

The management freedom is restricted.

The involvement of external body

In collective bargaining the employers accept all the demands from the employees.

Individual Bargaining:-

The concept of individual bargaining is between employee and employer no union involve in this bargaining, in the individual bargaining the employer take more potency rather than the collective bargaining.

” According to Flanders the individual bargain (agreement) between the employer and the employee, and which is given legal status in the form of an employment contract, provides for an exchange of work for money.(1986)”

Mostly the individual bargaining is based on when any new contract is take place between employer and employee this contract can be organization new terms and conditions, wages and job timing, eventually in individual bargaining mostly employer is on benefit side as compare to collective bargaining.

Examples of collective bargaining and individual bargaining:-

Pakistan Tele Communication Limited(PTCL):-

In 2006 PTCL workers union which is also known as PTCL announced the strike, the strike is based on that PTCL is reducing the staff as well as not increasing the wage and not increasing the pensions. The PTCL union president Choudhry Manzoor came with three demand which we discussed above. But the management of PTCL denied the three demands but after 15 days both parties announced the content of deal, after this deal the president of PTCL union Choudhry Manzoor took the strike back. This deal is known as collective bargaining agreement between PTCL management and PTCL workers union. In this agreement management of PTCL accepted the three demands.(telecompk. net)

British Telecom (BT):-

In the British telecom there was confliction regarding the wage between the BT worker union (CWU) and the management of the BT. the confliction started when the BT CEO Ian Livingston's took triple bonus in current year 2010 because of company performance financial recovery. The increased in bonus from £343000 to £1. 2 M in current year and the total salary of CEO is

from £1.2M to £2.1M as well as 2% also increased in basic salary which is mentioned in the BT annual financial report.

The BT union (CWU) demanded 5% increase in pay and BT management offered only 2%. When the negotiation was not going to success the CWU gave the call of strike. It was happen after 23 years.

Both parties at 9th July 2010 through collective bargaining agreement settled the pay rise of 3% until 2013. When both parties announced the content of deal the BT share were rise up 3p or 1.9% which was very good sign for BT. (Lilly Vitorovich)

Underground Tube:-

The agreement has been done between bosses of rail and transport and RMT union recently, which was regarding the job security of the employees as well as the rising in pay. Everyone knows that maintenance work is going some underground lines. The worker who's doing maintenance work called strike for 2 days started from 14th July 2010. The RMT union has suspended the strike after the negotiation both sides have been settled a new agreement of rise the pay 4.2% as well as the guarantee of the job protection. This new agreement is also known as collective bargaining agreement. (bbc. co. uk/news/10604873)

Arriva Bus Drivers:-

In north wale near to the Easter the arrive bus drivers called strike the strike reason was that they said that their colleagues who's are working in liver pool are getting £1 more an hour rather than us so they called the strike on

Easter and busy weekend. The unite union came as a representative of bus drivers and negotiated with the bosses of buses. The bosses of buses accepted the bus driver demand and both parties announced the content of deal is called collective bargaining agreement.

Pakistan Ship Breaker Strike:-

In the mid of June the 15000 ship breaker worker union which is known as Gadani ship breaking democratic workers union (GSBDWU) as well as affiliated with the national trade union federation (NTUF) announced the strike for 2days. The reason of strike was low wage, lack of working hours as well job protection. The negotiation is being held between the owner of the association and union. But the owner denied all the demands of the unions. The union once again called the strike on 5th July until our demand will not be accepted. The owner and union again negotiated. The owner accepted the whole demand and both parties are settled on an agreement.

British Airways (B. A):-

The confliction between cabin crew works union which is known as unite and B. A since last 14 months. The confliction between two parties started, when B. A cut off the cabin crew workers to reduce its expenditure. This situation was worst when B. A staff went on strike. The B. A took the disciplinary action as well as sacked the many workers who's are the member of unite union. B. A offered on 25th June 2010 was 2. 9% rise next year and after year 3%. But the union did not accept this offer and also gave new date of strike which is in September 2010. Due to this reason B. A shares value day by day are going down in to the market. (bbc. co. uk/news/business-

10695976)

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Iris Trading Company:-

In April 2008 the iris trading company worker union which is name is PWU announced the strike. The reason for strike was very low wages and timing. 7% increase in basic salary of every worker. This was the demand from the union. The union announced strike for 4 days strike on 6th May 2008. The owner of the company Rizwan Hameed and PWU union leader Asif Ghori negotiated and settled the agreement of 5% rise of basic salary of every worker. After this agreement PWU union leader suspended the strike.

(Personal Experience)

Bangladesh River Worker:-

At 16th May 2010, the Government Minister of Dhaka signed an agreement with the leader of union. After this agreement the union leader Ashikul Islam said call of the strike. The demand was from the union leader which the Government Minister agreed was remove all the criminal cases and realise the entire worker. Increase the pay scale 50% to 100%, bonuses for all workers,

BOSS Plastic Company strike:-

In Pakistan many companies do individual bargaining when we go for job regarding the pay, working hours, bonuses, holiday's etc. BOSS is a company which make the plastic furniture. Every employee of BOSS has individual and separate agreement which is mostly done according to the owner desires. In this agreement no union is involved all the terms and conditions set the employers. The agreement which is done without the involvement of union is called individual bargaining agreement.

BBC:-

In April 2010 BBC offered increase in pay £300 to the Bectu. The union of its IT worker welcome this offered and cancelled the industrial action (Karl Flinders, 2010)

Royal Dutch Shell:-

The steel worker united union said that they reached a tentative agreement with the Royal Dutch Shell, this move avert the possible strike and handle the U. S crude oil refining capacity.

The union announced that new pack become standard wage, benefits for the workers and good working condition for all 3000 refinery workers who's are the member of union as well as working in U. S (Steve Gelsi, 2009)

Royal Mail:-

In March 2010 there is an agreement signed between Royal mail and its union worker to finish the long term conflict/ dispute which was job cut and over pay, regarding the new agreement there was rise 7% in the workers wage. Both parties are very happy on the deal. (Christopher Hope and Harry Wallop, 2010)

Lindsey Oil Refinery (LOR):-

There were dispute in Lindsey Oil Refinery and its worker after very lengthy negotiation. The LOR agreed to reinstatement of 650 worker sacked during the strike as well as the union also ensure that which took an industrial action LOR will not take any action against all those workers, (telegraph. co. uk)

Agree or Disagree:-

As the above examples it is very clear that when there was any conflict among the employers and employees then this dispute was solve with the help of collective bargaining, the reason of dispute among the employers and employees always in the term of increase in pay, sacking, employment security and incentive pay. The confliction among the employees and employers is not good for the organization economic and production condition, so collective bargaining agreement is very helpful to resolve the dispute and for the organization economy. Therefore we are not agree that the compensation packages negotiated through collective bargaining agr