

Communication

Dynamics of Employment Relations & Employee Unionization in Banking Industry

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Trade unions have been a major and a strong component of the employment relations system in any country. However, the emergence and dominance of a market oriented economy following liberalization, privatization and globalization of economic activities compels employers to perform better to survive. The study examines the employment relations environment in the wake of a new crop of private sector non-unionized banks with state-of-the art technologies and more proactive HR practices in the post-liberalized era. The results suggest that the non-unionized bank employees perceived overall better employment relations over the unionized ones.

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Introduction

Employees unions play an important role in influencing the relationship between employees and the management. It has been considered that for smooth employee-management relationship, a collectivistic representational approach towards managing employees is better (Ray, 2004). Employees unions have been considered a force to check the unilateral power of management in employment relationship (Seth, 1993a; Nulty, 1993)

The right to unionize to employees of all cadres and categories is now formally and legally sanctioned in almost all countries of the world.

However, owing to internationalization of economic activities in the wake of increased globalization of production and liberalization of world trade and the consequent emergence of global level competition among firms putting pressure on employers to perform better to survive, emergence of the wave of proactive human resource management practices bestowing dominant role to employers in the employment relations system,

decreasing size of conventional manufacturing industries and the emergence of service industries employing skilled and more educated employees, unprecedented advancements in technology and its larger use in industries, major restructuring of industries and downsizing of permanent workforce, decline in the size of public sector and expansion in private sector, emergence of non-unions firms, shortening of product life cycle, changing profile of employees have changed the role and effectiveness of trade unions. (Kochan and Mare, 1994; Gannon and Nollen, 1997; Rojot, 1992, Mankidy, 1998, Sharma and Joshi, 2001; Ghosh, 1995; Saini, 2003).

The advances in the field of technology have been affecting every sphere of life including employment relations. The innovative production techniques of lean production have given management the option to engage casual, contractual and part-time workforce and outsourcing of organization's non-core activities and processes have reduced dependence on permanent workforce and eased the management of workforce. Technological changes have fostered decentralized enterprise level bargaining as issues are now enterprise specific and the setting up of ancillary units or farming out business to vendors, setting up multi-site production locations, shifting production to green-site locations and automation of operations have resulted in the shifting of union power from national federations to enterprise level unions (Ratnam, 1994:30).

Owing to these challenging changes trade unions have been facing a difficult

choice between following the traditional path and thereby getting further marginalized or join hands with the management to evolve new methods of protecting the interests of both the members and the enterprise (Srivastava, 2006).

These techniques are a double-edged weapon. While on one hand, they create an atmosphere of job insecurity among employees and severely curtail their trade union activities and on the other hand, organizational bottom-line would not be jeopardized because in the event of labor trouble in one plant, management could either declare a 'lockout' or close the plant without affecting overall production. It is said to be the reason for increased number of 'lock outs' over 'strikes' in the post reform period in India. (Rao & Prasad, 2006)

The present study is aimed at finding the relationship between employee unionization and employment relations in Indian commercial banking industry in the light of above changes and the radical reforms unleashed in the banking sector from early 1990s which culminated in the emergence of a new crop of private sector no-union banks which have been developing very fast in the last two decades.

Methodology

The study has been confined to public and private sector commercial banks. The private sector has been further classified as old private sector and new private sector banks to give a more accurate picture of the employment relations in the private sector banks. The data for

the study has been generated through two well structured and pre-tested questionnaires having 52 items on 26 elements of the 13 dimensions of employment relations. Since, the statements in the questionnaires were qualitative in nature; they were quantified on a five-point scale using Likert-type technique from randomly selected employees as per stratified sampling technique posted in the branch offices of public, old private and new private sector banks.

The data has been analyzed using statistical tools such as mean, standard deviations, chi-square Test, 't' Test, 'z' Test, etc. on the elements of each dimension. In order to verify the differences among sectors, "F" test at 95% level of confidence of significance was used. For statistical verification in the difference of scores among different groups of respondents in the three sectors ANOVA Test was also used.

Findings & Discussion

The study found that 14.86% of bank employees in public and old private sector banks which have trade unions were

not affiliated to any trade union. The vital statistics given in Table 1 indicate that non-unionized employees perceived better employment relations than the unionized employees ('p'.0.5 and 't'-7.19, X² 76.788)

Table 1 Overview of Unionization-wise Employment Relations in Banks

Unit	Unionized Employees	Non-unionized Employees
Sample Size	318	123
Mean Score	168.4	190.2
Standard Deviation	29.8	36.8
Unionized Vs. Non-unionized Employees		
t value	-7.19	
p value	<.01	
X	76.788	
p value	<.01	

Table 2 shows that the majority of unionized employees (58.4%) were concentrated on moderate levels of employment relations while a majority of non-unionized employees (45%) were on high level as against only 15.7% of unionized employees.

Table 2 Employee Unionization & Overall Level Concentration on Employment Relations in Banks

Level Concentration on ER	Unionized & Non-unionized Employees					
	Unionized		Non-unionized		Total	
	F	%	F	%	F	%
High	50	15.7	55	45.0	106	24.0
Moderate	186	58.4	31	25.3	217	49.1
Low	82	25.9	37	29.7	118	26.9
Total	318	100.00	123	100.00	441	100.0

The element-wise mean values of the unionized and non-unionized bank employees presented in Table 3 along with their ‘t’ and ‘p’ values provide a deeper insight into the employment relations of the bank employees on the basis of their affiliation or non-affiliation with an employees’ union.

between the two groups reveal that barring the elements of ‘job safety’ and ‘delegation/work autonomy’, the two groups had statistically significant differences on all the elements of their employment relations.

The non-unionized bank employees experienced better on all the elements of the employment relations except union-

A glance at the ‘t’ and ‘p’ values

Table 3 Employee Unionisation & Element-wise Comparison of Employment Relations

Elements of Employment Relations	Unionized Employees(n=311)		Non-unionized Employees (n=123)		‘t’ and ‘p’ values	
	Mean	S.D.	Mean	S.D.	‘t’	‘p’
Salary Adequacy	5.9	2.3	6.3	2.1	-2.19	0.0
Salary Comparison	5.4	2.2	5.9	2.6	-2.60	0.0
Promotion Avenues	6.3	2.3	7.2	2.7	-3.95	0.0
Promotion Policy	6.1	2.2	7.6	2.4	-7.00	0.0
Grievance Listening	6.3	2.2	7.8	2.2	-7.78	0.0
Grievance Redressal	5.2	2.2	6.8	2.9	-6.77	0.0
Participation	5.6	2.9	6.5	3.3	-3.49	0.0
Involvement	4.2	2.4	5.8	3.1	-6.37	0.0
Trainings Adequacy	6.9	2.2	8.4	2.0	-8.11	0.0
Trainings Effectiveness	7.6	2.1	8.5	2.0	-5.50	0.0
Fair Employee Treatment	7.0	1.8	7.8	3.0	-4.51	0.0
Fair Postings/ Transfers	4.9	2.2	6.3	2.4	-9.84	0.0
Employee Welfare Facilities	6.8	1.8	7.6	3.1	-4.05	0.0
Employee Welfare	5.6	1.6	6.8	2.3	-4.81	0.0
Comparison						
Job Security	5.4	1.7	3.9	1.8	8.07	0.0
Job Safety	7.5	1.6	7.5	1.5	0.43	NS
Decentralization	8.2	2.1	8.7	1.5	-3.19	0.0
Delegation/ Work Autonomy	7.9	1.4	7.6	2.0	1.21	NS
Performance Evaluation.	6.8	2.0	8.0	3.3	-7.08	0.0
System						
Performance Appreciation	4.4	2.3	7.0	2.5	-9.82	0.0
Trade Unionism	5.6	2.1	4.4	2.2	5.69	0.0
TU vs. Proactive HR	5.1	2.3	6.4	2.3	-6.82	0.0
Automation vs. Employee	8.1	1.2	8.8	1.3	-6.42	0.0
Concerns						
Automation vs. Op.	8.4	1.3	8.8	1.4	-3.50	0.0
Efficiency						
Customer Service	9.3	0.9	9.7	0.7	-5.71	0.0
Employees. Role in	7.7	1.6	8.8	1.2	-9.50	0.0
Customer Service						

ism and job security over unionized bank employees. ('t' 8.07 & 5.69 respectively)

The results suggest that non-unionized bank employees perceived better employment relations than unionized bank employees.

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