

THE EFFECT OF THE RELATIONSHIP BETWEEN SOCIAL PARTNERS ON THE PERFORMANCE OF STATE CORPORATIONS IN KENYA

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Abstract

The relationship between social partners is expected to enhance performance of State Corporations. Cordial relations would allow groups of divergent interests to recognize each other's co-existence, while promoting their own distinct views. This study sought to establish whether the relationship between social partners influenced the performance of state corporations in Kenya. The study was done in Nairobi County in Kenya, in Africa. Data was collected from 341 unionized and non-unionized employees of state corporations in the county. A descriptive survey design was adopted. The research instruments used were questionnaire and interview schedule, the former having open-ended and closed-ended Likert scale questions and the later had guiding questions. Data was analyzed quantitatively and qualitatively using Statistical Package of Social Sciences (SPSS). The study found that the relationship between the social partners significantly influenced the performance of state corporations. The study revealed that among various approaches, unions had embraced confrontational approach to agitate for workers' rights. This often forced management to negotiation tables to solve labour issues. The study recommends social partners to appreciate partnership and mutuality approaches to replace the current confrontational/ adversarial approach, which had often interfered with efforts to create industrial harmony.

Keywords: Social actors, adversarial approach, partnership, mutuality, equality of partners, performance

INTRODUCTION

The social partners in Kenya Industrial Relations include employers' organizations, trade unions and the government. These social actors engage in tripartite consultation which encompasses bipartite relationship between employers and trade unions in the workplace. The government as a silent partner sets the parameters for the partners' interaction. Both bipartite and tripartite arrangements serve purely an advisory role to the government. This leads to social pacts that fix a framework for action during a defined period (Ishikawa, 2003).

Kenyan employers have been well organized and most of them are members of or affiliated to the Federation of Kenya Employers (FKE). FKE as the main employers' voice in the field of Industrial Relations and Human Resource Management performed this function before independence and continues to do so with considerable expertise and commitment (Nyangute, 2002).

The Kenyan government is a key social actor represented by the Ministry of labour as the main government department. The Ministry is responsible for initiation, elaboration and implementation of government labour policy, laws and general regulations of Industrial Relations. Besides, being a regulator the government is the largest employer of organized labour in the country (Minja, & Aswani, 2009).

Trade unions are the third social actors in the Industrial Relations framework. Unions in Kenya came into being as vehicles of protest against working conditions. Most of them were formed either out of direct confrontation of workers and employers or out of collusion between workers and politicians, in the then colonial era. Increased awareness of wage earners' economic plight led to the formation of workers' organizations in the 1940s (Waweru, 2007).

The social actors in any Industrial Relations arrangement are required to establish strategic choices for their engagement. Employers strategic choices include; deciding whether the organization should remain union free or allow unionization, if they choose to remain union free, they must take steps to keep unions away from the organization. If unionization is allowed, they must decide what type of union- management relationship they want. Once determined, they must take appropriate steps to make the type of relationship a reality. Finally, management should choose the type of tactic to use while negotiating new wage settlements (Aswathappa, 2008).

Unions too should choose among alternative strategies. The strategies at their disposal include: bread and butter versus political objectives, adversarial versus cooperative role and traditional labour services versus new services (Aswathappa, 2008). Hence, unions must decide whether to pursue terms and conditions of employment; involvement in politics of the day or serve traditional or new union services.

Waweru (2007) has pointed out the existence of government- employer alliance in Kenya. Hence, employers need not to worry about the workers' demands, as they can always count on the government intervention against workers in the event of a dispute or confrontation. This situation which has led to confrontational relations between the two sides of the industry.

The trade unions in Kenya like elsewhere in the world, have opted to adversarial approach, associated with acrimonious or arms-length industrial relations of a low trust kind (Jerome & O'dowd, 2005). This has been the traditional way of settlement of pay, conditions of work and workplace change issues in many unionized organizations a view which the researcher agrees with.

High commitment strategies and work practices have been heralded as the panacea to success in organizational performance for decades. One approach of creating commitment is Labour-Management Partnership, which is viewed to improve organizational performance and facilitates cooperative Industrial Relations (Lee & Lee, 2009.)

The relationship between social partners is therefore expected to enhance performance of State Corporations. Cordial relations would allow groups of divergent interests to recognize each other's co-existence, while promoting their own distinct views. Therefore, this study sought to establish the effect of the relationship between social partners on the performance of state corporations in Kenya.

Research Hypothesis

H₀: Relationship between the social partners has no effect on the performance of state corporations.

H₁: Relationship between the social partners has effect on the performance of state corporations.

THEORETICAL FRAMEWORK

This study was informed by several theories. The Unitary theory perceives the organization as an integrated and harmonious whole with ideas of one family. The management and staff share a common purpose, emphasizing mutual cooperation, individual treatment, team work and shared goals. Unions cooperate with management and management's right to manage is accepted because there is no 'we they' feeling (Ikeanyibe & Onyishi, 2011).

In Unitary approach, trade unions are deemed unnecessary since loyalty between employees and management is considered mutually exclusive, where there cannot be two sides of the industry (Aswathappa, 2009). The Unitary perspective fits in organizations which choose

to be union free. This approach has been adopted by Kenyan state corporations which have decided to remain union free.

The Marxist theory elevated labour by arguing that capitalists' wealth is created by exploitation of surplus labour. Marx advocated that for exploitation of labour to cease, workers must seize and own the means of production (Ikeanyibe & Onyishi, 2011). Marxists like Pluralists regard conflicts between employees and employers as inevitable. Conflict exists in organization because of the division between those who own or manage the means of production and those who have only their labour to offer. Trade unions are seen as labour reactions against exploitation by capital, and as weapon to bring about a revolutionary social change (Singh 2011). This Marxist perspective can lead to adversarial approach by unions in agitation for workers' rights, a situation evident in Kenyan Industrial Relation scene.

Empirical Review

Jerome and O'dowd (2005) have pointed out that adversarial approach develops in Industrial Relations on the basis of certain assumptions held by employers and unions. That employers would not willingly grant improvement in pay and conditions of employment and that workers have to fight to their rights. The Adversarial approach has been embraced by Kenyan trade unions.

Against the background of low trust 'arm's length' relationship, introduction of partnership at the workplace constituted a radical innovation. Partnership approach is taken to mean a shift from adversarial Industrial Relations to problem solving outcomes among the social actors. Partnership approach allows management and trade unions to work together for their mutual gain, consequently cooperation and less adversarial relations are realized. Partnership approach however, works well in an elitist environment, where no party is deemed superior or inferior to the other (Kelly, 2002).

Fashoyin (2001) has asserted that Kenya has recognized social dialogue as a useful mechanism for building consensus among the key social partners. He however, noted that the parties should be internally strong and cohesive in order to engage effectively in negotiations and consultative process. He is emphatic that relationship based on confrontation is not likely to be an appropriate response, a view supported by the researcher.

Lee and Ro-Lee (2008) have defined Labour-Management Partnership (LMP) as an innovative approach to Industrial Relations. LMP is intended to improve labour- management relations and confer benefits on both sides. The LMP is a new model adopted by the Korean government to establish harmonious Industrial Relations. The model is referred to as 'New

Industrial Relations', 'Innovative Industrial Relations' or 'Cooperative Industrial Relations' to replace adversarial relations.

The power sharing approach allows involvement of stakeholders at strategy formulation up to implementations level. Power is shared over money, physical assets, knowledge and communication. Power sharing conditions and controls the behavior of organizations' members and flows in all directions. Power sharing would enhance the partners' relationship (Ahern, 1996). This would create a feeling that we are in this together, hence, a sense of identifying with one another.

The social partners are expected to view each other as equal partners in engagement of labour matters. However, as Haddad (2002) put it, the representation on an equal footing does not mean imposing numerical equality. Instead, it should ensure substantial equal representation on respective interests of the partners. Indeed, numerical equality may be difficult to achieve, particularly where there are many representative organizations. Besides, numerical equality is not essential in case of procedures which being consultative, do not give rise to a vote. A view the researcher concurs with.

Relationship Between Social Partners And Performance

Lee and RO-Lee (2009) have explained that partnership practices namely, fair financial rewards and employee training are significantly and positively associated with organizational performance. Hence, management needs to prioritize on them to increase organizational performance. The duo are emphatic that workers consider training programs which increase their marketability as most important benefits that their companies can provide.

Hence, the value employees find in training is likely an adaptation to the insecurity of the job market in which they find themselves. Still, fair financial awards are employees' expectations during their tenure at a company. They believe that appropriate compensation reflects their efforts on company and in turn improves organization's performance, a view the researcher concurs with.

Through consultation there is emphasis on mutuality namely, getting the message across that we are in this together and that the interest of management and employees coincide. The reconciliation of interests of the partners though diverse enables common action, which improves on organizational performance. Mutual relationship leads to improved quality, increased production, reduced disputes, reduced employee turnover and absenteeism and better customer service (Armstrong, 2008).

RESEARCH METHODOLOGY

The study applied a descriptive survey design Gay (1981) in Mugenda and Mugenda (2003) define the design as a process of collecting data in order to test hypothesis or answer questions related to the current state of subjects being studied. The purpose of descriptive research is not only confined to establish facts but also to provide solutions to significant problems (Kombo & Tromp, 2010). One hundred and seventy two (172) state corporations formed the study population. The target population was thirty four (34) unionized state corporations in Nairobi county. The study subjects were drawn from fourteen (14) unionized state corporations in the country.

Sampling Technique

Stratified sampling technique was applied. Hence, subjects were selected to enable the existing sub-groups of unionized and non-unionized employees in the population to be more or less reproduced in the sample (Mugenda & Mugenda, 1999). Out of the sub – groups, simple random sampling was applied to pick the subjects.

In addition, purposive sampling technique was used. Thus, the researcher purposely chose subjects who in the researcher's opinion, were thought to have relevant information in the research area. In this study therefore, the human resource managers, shop stewards, Central Organization of Trade Union (COTU) representatives, Federation of Kenya Employers (FKEs) representatives and the Ministry of labour officers were handpicked since the researcher believed that they were informative.

Data Collection Tools

An interview schedule was developed and conducted on human resource managers, union officials, officers of the Ministry of labour, Federation of Kenya Employers and Central Organization of Trade Unions' representatives. Besides, questionnaires with open-ended and likert scale closed-ended questions were administered to employees in the selected state corporations.

Analytical Approach

To test whether the relationship between the social partners affected the performance of state corporations, Pearson correlation coefficient was computed to measure the strength of the association between the two variables (Kasomo, 2006). Further, coefficient of relationship was calculated to establish the amount of change the independent variable had on the dependent variable (Newton & Rudestan, 1999).

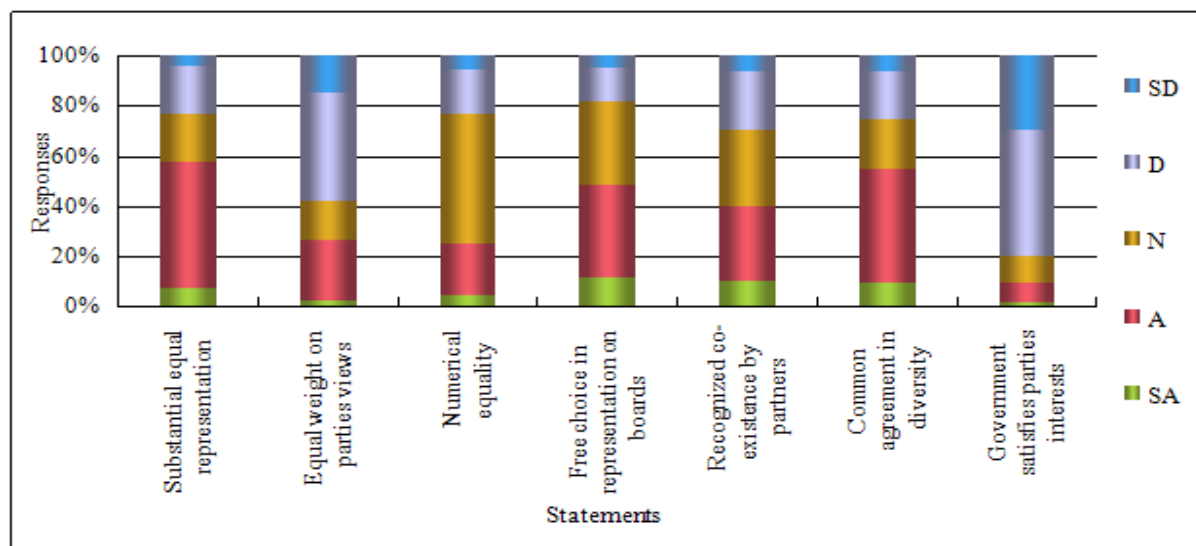
ANALYSIS AND RESULTS

Equality between Social Partners

The study sought to establish whether the relationship between social partners influenced the performance of state corporations. The study gathered that there had been substantial equal representation on respective interests of the partners, the partners had freely chosen their representatives on all boards and despite their inevitable differences, employers, trade unions and the government had found areas of common agreement for their advantage and that of the society.

However, the parties' views were not given equal weight, respondents did not know whether numerical equality had been achieved in representation by parties and whether the government had adequately satisfied the interests of the other social actors (See Figure.1).

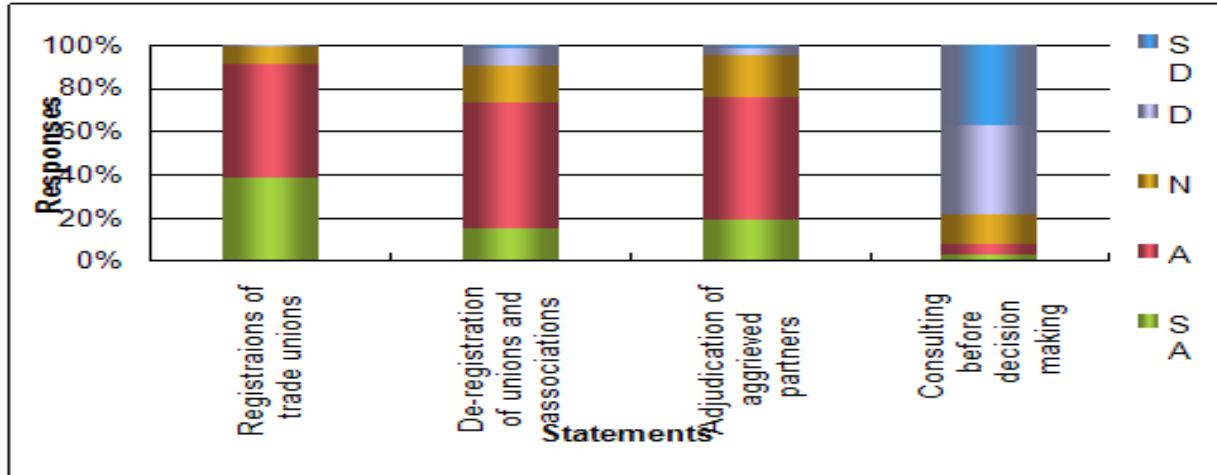
Figure 1. Equality Between Social Partners



Government's Power Over Other Social Partners

The study gathered as reflected in Figure 2 that the government exercised its power over the other social actors through registration of trade unions and employer's associations, deregistration of trade unions and employers associates and adjudicated disputes between the aggrieved parties. The government had not always consulted trade unions and employers before announcing some key decisions. The supremacy of government over other partners is supported by Minja and Aswan (2009) who explain that the state is both master and servant of the social actors (Figure 2).

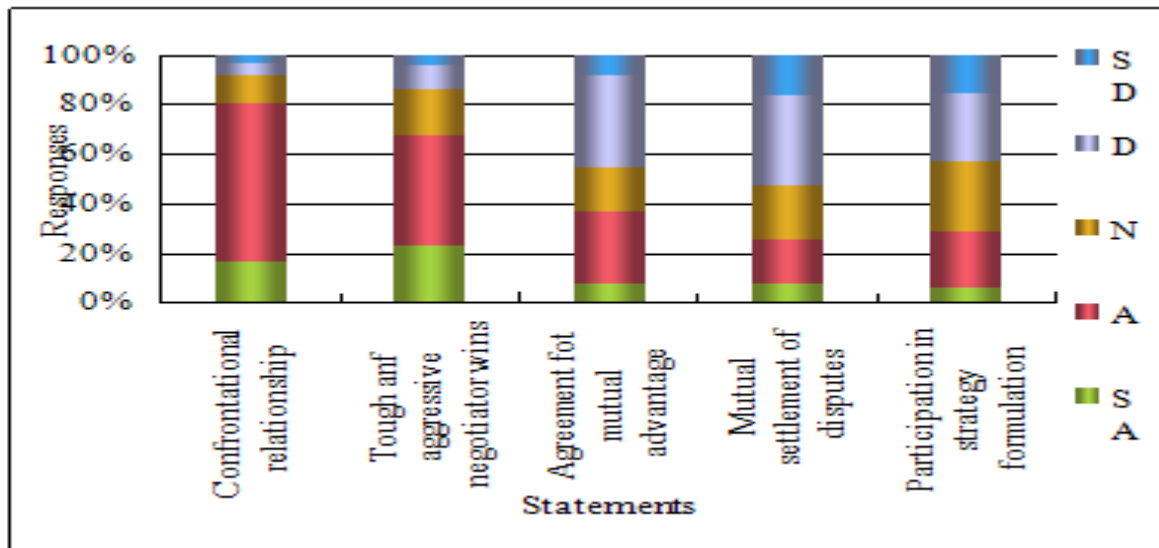
Figure 2. Government's Power over Other Social Partners



Forms of Relationship

The study established as shown in Figure 3 that there had been confrontational relationship of a low trust kind, that during negotiations the tougher and more aggressive negotiators won and conciliatory ones lost. Besides, there had been a resolution between management and trade unions to work for mutual advantage. However, mutuality had not been embraced to resolve conflicts and that trade unions and employers had been partly, involved in strategy formulation and implementation. Confrontational approach is supported by Jerome and O'dowd (2003) and Kelly (2002) who view it as a traditional way of settlement of industrial relations issues in unionized organizations (See Figure 3).

Figure 3. Forms of Relationships Between Social Partners

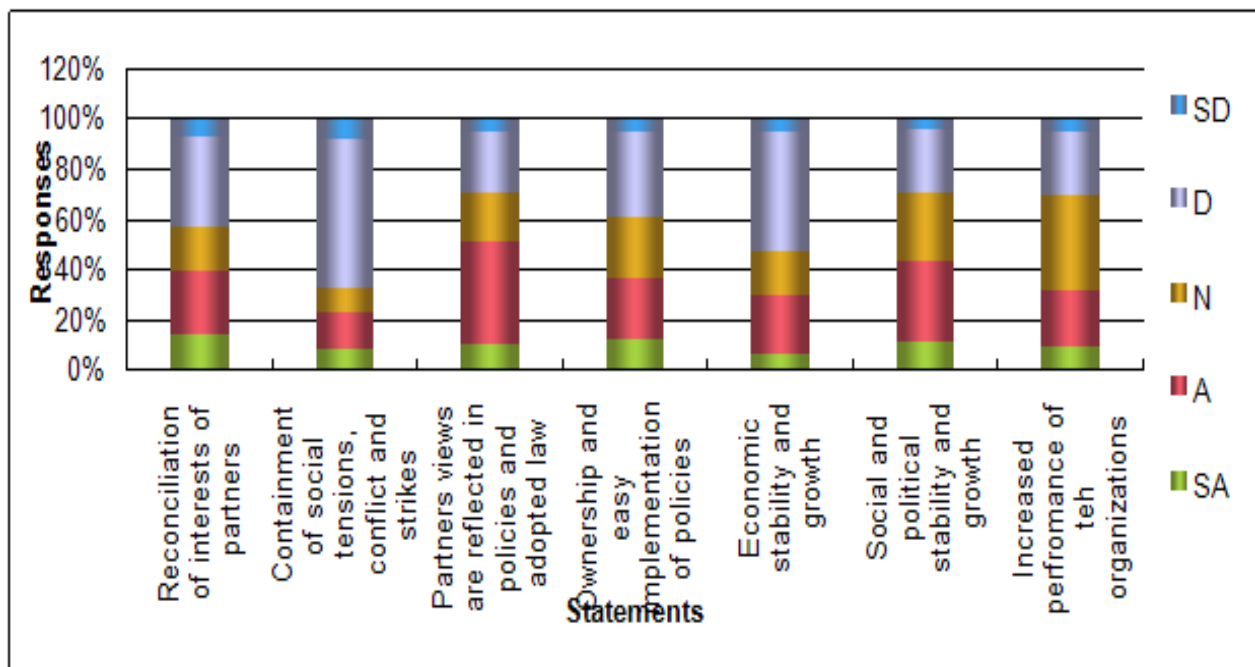


Benefits of Equality of Partners

The study gathered as shown in Figure 4, that equality of partners contributed to their views being reflected in policies and adopted law, that there had been social and political stability, growth and reconciliation of partners' interests. However, there was failure in containment of social tensions, conflicts and strikes, ownership and easy implementation of policies and enacted law.

Moreover, there was lack of knowledge as to whether there had been increased performance of organizations. The advantages of equality are supported by Kelly (2002) who has explained that it leads to realization of medium and long-term advantages to partners and the society (See Figure 4).

Figure 4. Benefits Accruing out of Equality of Partners

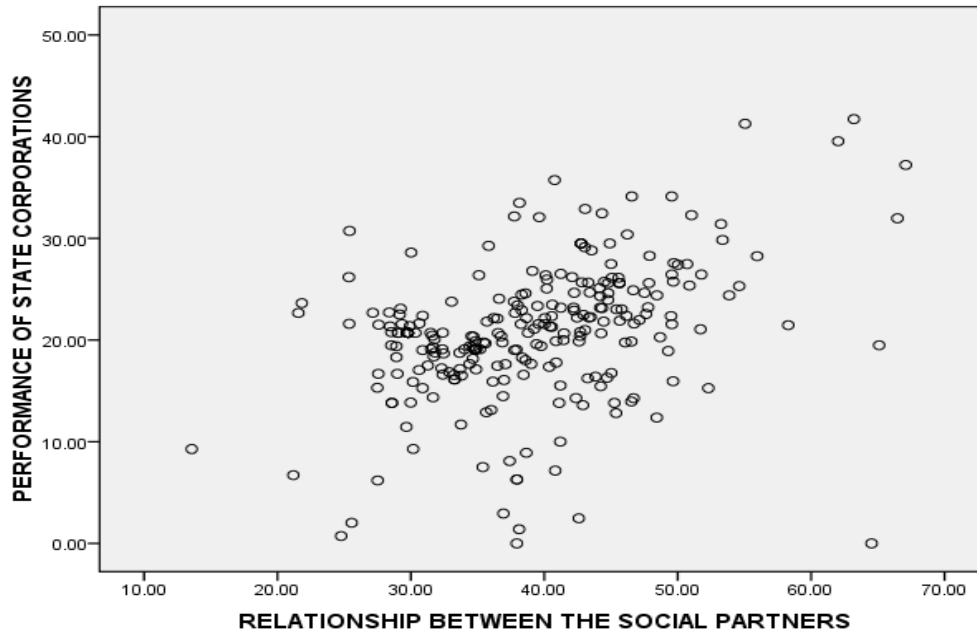


Relationship Between the Social Partners Versus Performance of State Corporations

Correlation Analysis

A scatter plot was used to present the data collected on the relationship between social partners versus performance of state corporations. The plot indicated a positive association between the two variables (see Figure 5).

Figure 5. Scatter Plot of Relationship between Social Partners Versus Performance of State Corporations



Pearson correlation coefficient of the relationship between social partners and performance of state corporations was computed and established to be .387. It could then be concluded that there is a moderate positive correlation between the two variables since the results belong to the moderate category of 0.3 to 0.5 (Choudhury, 2009).

Hence, the relationship between the social partners significantly influences the performance of state corporations at 95% confidence level because the P-value for Pearson correlation coefficient was .000 which is less than 0.05 (See Table 1). Thus, the alternative hypothesis was accepted namely, the relationship between the social partners has effect on the performance of state corporations.

Table 1. Pearson Correlation Coefficient for Relationship Between Social Partners versus Performance of State Corporations

		Performance of State Corporations	Relationship between Social Partners
Performance of State Corporations	Pearson Correlation	1	.387**
	Sig. (2-tailed)		0
	N	279	279
Relationship between Social Partners	Pearson Correlation	0.387**	1
	Sig. (2-tailed)	0.000	
	N	279	279

The coefficient of the relationship between social partners and performance of state corporations was computed and established to be .3000. Hence, from Table 2, it is clear that the relationship between social partners has a positive effect of performance of state corporation with a gradient of .300. This implies that a unit change in the relationship between the social partners increases the performance of state corporations at the rate of 0.300. The coefficient is presented (See Table 2).

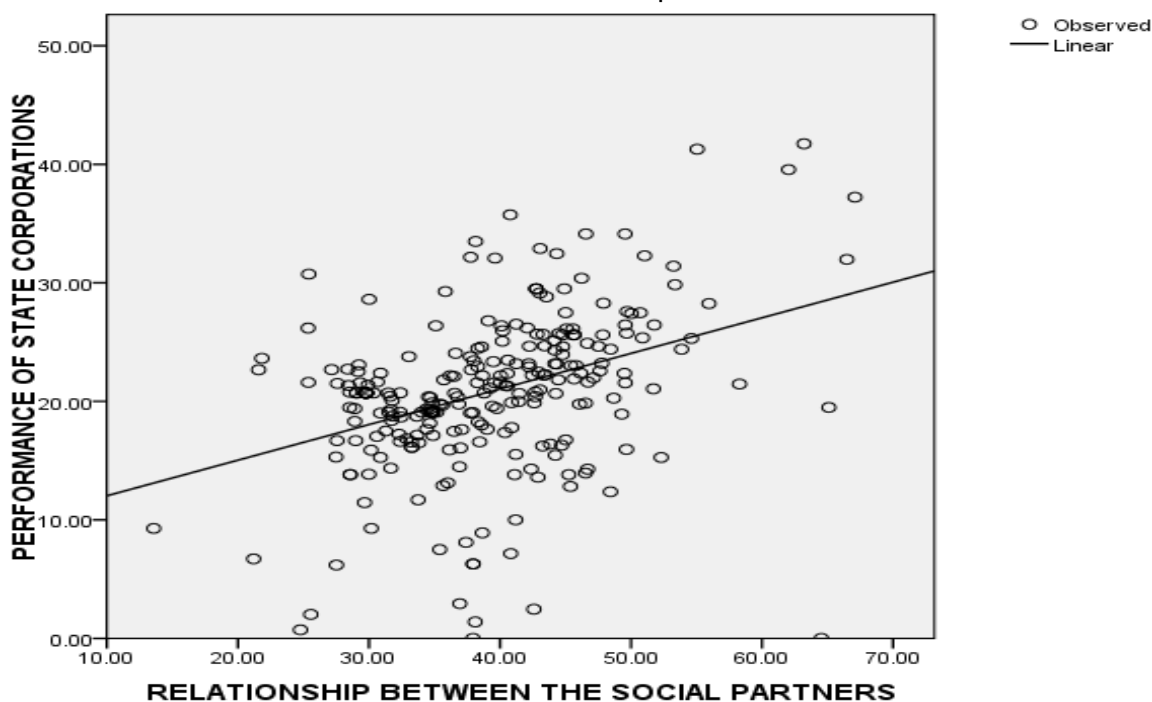
Table 2. Coefficient of Relationship Between Social Partners Versus Performance of State Corporations

Model	Unstandardized	Coefficients	Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	9.033	1.701		5.309	0.000
Relationship Between Social Partners	0.300	0.043	0.387	6.985	0.000

Regression

Since the scatter plot in Figure 1 indicated a linear association of relationship between social partners and performance of state corporations, a regression line could be fitted for the variables. This means that the independent variable predicts on the dependent variable (See Figure 6).

Figure 6. Regression Line for Relationship Between Social Partners Versus Performance of State Corporations



The Goodness of Fit namely, R-Square of the relationship between social partners and performance of state corporations was computed and established to be .150. Hence, 15% of variation in performance of state corporations can be explained by the relationship between the social partners. 85% could be explained by other variables (See Table 3).

Table 3. Goodness of Fit for Relationship Between Social Partners Versus Performance of State Corporations

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.387	0.15	0.147	5.923

CONCLUSION AND RECOMMENDATIONS

The study established that the relationship between social partners significantly affected the performance of state corporations. The study revealed that among various approaches, unions had embraced confrontational approach to agitate for workers' rights. This forced management to negotiation tables to resolve labour issues.

The study recommends that the social partners should embrace partnership and mutuality approaches to replace the current confrontational/ adversarial approach, in order to improve the quality of national Industrial Relations. It should be appreciated that union militancy interferes with efforts to improve organizations' performance and harmonious Industrial Relations.

This study was carried out at a time when the county under study was experiencing many industrial actions. The researcher had to wait until return to work formula was arrived at, by the corporations whose employees had been on strike. Three human recourse managers declined to be interviewed. However, the others who accepted were representative. Hence, the information gathered could be relied upon. Besides, the study was conducted in a few state corporations and therefore cannot be generalized in the private sector in the Country.

Future research could explore on the Human Resource Management (HRM) union substitution / suppression in non-unionized state corporations. Thus suggestion was motivated by the fact that only state corporations with strong trade unions had elaborate union activities.

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