

Industrial Relations

Your detailed review of the information system suggests that every part of it will have to be substantially overhauled. As a newcomer, you can see quite clearly that Burke Engineering is not acquiring and organising the range of data that it needs to control the business, nor is it making this information available to the staff that need it. You are inclined to suspect, for example, that poor information about the company and its plans is partly responsible for the hostility of the shop-floor.

As MD, you have therefore introduced a programme to provide the entire workforce with more information about company progress than had previously been available. This has started to improve relations, but you are aware that there are many other problems that must be resolved.

On the third Tuesday after starting work at Burke Engineering, you receive a telephone call at 0915 from the Production Manager that the AEU, the Amalgamated Engineering Union, was holding a works meeting at 1030 to discuss the possibility of further industrial action. If the AEU took action, it was highly likely that the GWMU and ASTMS would also become involved, due to the fairly close cooperation between the three unions in the firm and the number of common issues that they have outstanding. It was not inevitable that a strike would take place, but you were already aware from your initial information that industrial relations were becoming more and more tense. During the previous week, realising that the most pressing problems would need to be quickly resolved, you have made the following notes on the situation.

Industrial relations at Burke Engineering had been particularly poor. It seemed that this is a problem unique to the company, as other firms in the area do not generally report such serious long term problems. Part of the difference may be accounted for in the multi union structure of the firm and the fact that in contrast to other employers, Burke Engineering is an old established firm, with a relatively high proportion of skilled employees. Much of the local industry in the area is employed in assembly work for overseas manufacturers using mainly female staff. Some of these firms had been set up with no strike agreements, and this partly accounted for their slightly higher pay levels, while shop-floor pay levels (in contrast to management) at Burke had fallen steadily over the past 7 years.

None of the unions involved in Burke Engineering supported the idea of no strike agreements and though the previous managing director had considered the possibility in correspondence with the major shareholders, they decided that it was not a viable option with the current union and working patterns.

All the staff were however aware that there would be major forthcoming changes to working practices and employment, as the profitability of the company steadily declined. You were aware that rumours of takeovers and closures of particular departments had been circulating for the last 6 months. Morale in the company on initial inspection appears to be very low, and there was a shortage of formal and clear agreements between management and the workforce. Absenteeism was at fairly high levels, around 7 per cent, significantly higher than other plants in the area (around 2.5 to 3.5 per cent) and labour turnover remained a serious problem, at around 20 per cent per annum.

This had been most acute among the younger staff who tended to move after 2 or 3 years training to other industrial plants, either in the area, but more usually to the south of England where significantly higher wages were available. Labour turnover was highest

amongst female employees who found that the lack of child care facilities, in the area, made it impossible to work full time for Burke. The overall result of this high labour turnover had meant that the company had a steadily aging staff. One particular complaint from all staff was the problem that they all encountered over pay and holiday arrangements. Pay was often late; there were continual problems concerning over-time payments and holiday arrangements kept being changed without informing staff.

Working conditions were poor. You were aware of this from the information you received during your first week. You saw damp and noisy areas in the main parts of the factory. Heating and ventilation controls were bad. These poor controls led to low temperatures in the winter and high temperatures in the summer, though these were normally just held within the legal lower and upper limits. Staff frequently complained about the type of work they were being asked to do, which was often repetitive and physically demanding, and the fact that management were continually altering shift patterns. There had been a long history of accidents throughout the factory, with one fatality and four other serious incidents over the last five years.

On each occasion the company had been fined for breaches of safety legislation. All minor incidents were supposed to be treated at the temporary first aid post in the factory, but management had failed to provide properly trained staff, and currently all first aid was carried out by the office manager. Though there was a large staff canteen, the workforce had complained that irregular working hours made it difficult to eat properly. There were no other facilities available to the shop-floor, even though senior management had discussed getting associate membership for all company employees at a nearby sporting club, which would cost the company a total of €500 per year. No decision had been taken for 3 years.

In addition to absenteeism, there was a high level of days lost through sickness; there was no standard procedure for investigating sickness and attempting to reduce it. On average 10 days were lost for each employee per year; there was also a fairly high sickness level amongst management.

Discipline was often arbitrary and extreme; though there was an existing appeals procedure, the number of dismissals had risen over the last 5 years from one a year to 10 a year. On inspection of each case you find that the majority of these tended to be over relatively minor issues, though the number of dismissals involving fighting at work had been an increasingly large proportion of the serious cases (6 out of 10, in the past year). Management tended to have a very aggressive style in dealing with the shop-floor and this was particularly extreme in the case of certain individuals, a fact that was made clear in the detailed appraisals of the management in Appendix B.

There had been a tradition within Burke Engineering of management keeping their distance from the rest of the workforce with separate canteens, separate working conditions and an entirely different remuneration level. You find that one of the most glaring anomalies between Burke Engineering and other firms in the area is the lack of clear and concise wage agreements, although there are a number of documents on file from the previous MD. There had been no clearly defined bargaining procedures and wage negotiations had been carried forward in a haphazard way.

You discover that the dates for wage rise implementation for each of the unions involved had varied from year to year, but were tending to run 6 or more months behind the negotiations. The trend had been for management to agree to some form of interim payment which was adhered to, and then to delay the full implementation of the

agreements reached with the unions. The last formal agreements that you can find are now all over 18 months old.

Partly as a result of this vagueness over wage agreements, pay has slipped badly behind the average for the district, at around 85 per cent, indicating clearly that the workforce in contrast to the management had received wage settlements considerably below the inflation rate. This meant that a great deal of pressure had built up in the current wage round for a substantial upward movement in wage rates. This would of course have an extremely deleterious effect on the already poor profitability of the company. Wage levels were further complicated by the fact that bonus levels varied considerably from department to department, with no clearly stated policy as to how they were calculated or evaluated.

The changing type of work in which Burke Engineering was involved, in common with many other industrial concerns, had meant that there was a far greater need for flexibility in the workforce, and that it was inevitable that, in the near future, new production equipment would have to be installed which would cut across traditional skill areas represented by the three unions.

It was likely that drastic action would have to be taken as a result of the detailed review that you have just started on company products and manufacturing policy, but you are aware that this is likely to meet with major resistance from the unions.

Union Structures and Agreements

To complete your file on the background to the relationship with the unions you have the following information about union membership and agreements.

AEU.

This union, with 52 members, contains a high proportion of the more skilled workers. The two shop stewards were both supervisors in the plant, and one, A Waring, had previously been considered for promotion to deputy plant manager. Both had thorough training in negotiation from the union, and were long serving employees of the firm. The AEU was currently negotiating on a claim for modification of overtime rates which had been submitted a month before your arrival they had also complained repeatedly about the working conditions in the tool-room.

AEU agreement.

Introduction. The AEU made a claim for a wage increase for all their members who are hourly paid male and female. The management and the representatives of the Union held meetings on the 3rd, 6th, and 12th January to discuss the claim.

Arising from these meetings it was decided:

Productivity. It was agreed by the Union that present production targets and working methods needed to be re-organised to bring about increased efficiency. Members of the Union welcome the steps that Management are taking to introduce new patterns of working, recognising that these changes will increase the skills and the earning capacities of their members. They are therefore willing to cooperate fully in these new working practices.

Wage increases. In return for this cooperation, the Management has agreed to rapidly process the Union claim for an increase of 20 in the basic wage or 10 per cent of the

weekly wage, put forward proposals for an acceptable upwards revision of the piece work rates, based on the Union claim for a 25 per cent increase in the basic rate, and to complete the training schedules. Management also promised to consider the awarding of an interim settlement.

Working conditions. Management agreed as a matter of urgency to repair the number 1 toolshed, and to introduce new tunnels for the production lines 3 and 4 to prevent further accidents occurring.

GWMU

The GWMU is the largest union at Burke Engineering with 150 members, principally on the production line, though there are also many members in the despatch department. It had called a short strike the previous year over a grading exercise which was still incomplete. The union is badly organised at branch level, with a history of continual turnover of officials. Currently, the main representative is J Clegg, a despatch checker in the warehouse who has been with the company 2 years. This would be the first serious negotiation in which he has been involved, and on two previous occasions this year he has followed the lead of the AEU. A wage claim is still outstanding over this issue, which you have been told is unlikely to be completed for at least another 3 months, as the manager responsible is involved in re-organising the warehouse to cope with delayed orders.

The last agreement with the GWMU follows. An analysis of earnings shows a confusion of rates, and a system of computing bonuses which is totally incomprehensible, even it appeared, to those who were responsible for its implementation. Overall those workers that were mainly paid on piece work had been discriminated against, as the fixed element in the calculation was wholly inappropriate and the continually changing production schedules had produced a whole series of major anomalies.

GWMU agreement.

The GWMU met with management on four occasions during September and after these meetings certain key measures were agreed as follows.

Wage structures. The management and union accept the need for a more realistic wage structure. Therefore consultation will take place without undue delay to establish a joint evaluation panel to determine ranking and grading of jobs, with an expected completion date of December 15th. The management in addition promised to undertake, as soon as possible, a programme of work study to create a new equitable remuneration programme.

Until this was completed, the current structure will remain in place.

Hours worked. Management agreed to take action over the high rates of overtime that were having to be worked in final assembly, even though other areas of the factory were working a standard week. Management agreed to specifically improve safety in this area of the factory.

Interim payment. To progress towards the introduction of the new grading system, management promised to upgrade all hourly paid staff by 8 per week. These increases were to be applied from the 12th October. In return for this interim settlement, the union agreed to hold in abeyance their 15 per cent wage claim for all hourly and piece work employees. These supplementary payments would be absorbed into the new grading system, when it was anticipated that all employees will receive increases, but especially those manufacturing staff receiving their pay on piece work analysis. The union strongly supported the move towards a clearer and better negotiating structure which would provide its members with realistic wage levels.

Productivity. To enable the reforms to be implemented, the union agrees that it will provide

complete cooperation in the assessment and development of new working practices. Manning levels. Manning levels will be discussed and mutually agreed with the employees concerned and/or with their representatives, and no action of any sort will be taken by the management before such consultation has occurred.

ASTMS.

ASTMS have around 30 staff, almost all of them were clerical workers. The branch has always been fairly amorphous and has lacked clear representation with management. Turnover in clerical staff had historically been high in Burke, and management had used these high rates of turnover to reduce staff in this area following the introduction of computerised accounting 2 years previously. The union had since then been pressing for a detailed programme of job evaluation. The current representative had been with the firm for 3 years and worked in the warehouse as a stock checker.

ASTMS agreement

Introduction. After several meetings between management and members of the Association the following actions were agreed.

Wage rises. The company agreed to pay an interim settlement towards all hourly and monthly paid workers of 6 per week. The Association noted, with concern, that its members wage rates continued to fall behind the regional average and management agreed that there was an urgent need to upgrade skills and working practices so that more realistic wages could be achieved. The Association agreed to hold in abeyance the 12 per cent pay claim outstanding until the vital re-grading exercise had been completed.

Job grading. Both management and the Association agree that there a need to introduce job grading as soon as possible to improve departmental efficiency. Management agrees that steps will be taken by October to introduce a new format for the analysis of work content. The Association and management agree that, if there should be any downwards movement of grading as a result of such a reassessment, that the individual concerned will be provided with an allowance equal to the loss of the original grade. This payment would cease after 18 months.

Productivity. To enable the reforms to be implemented, the Association agrees that it will provide complete cooperation in the assessment and development of new working practices.

Manning levels. Manning levels will be discussed and mutually agreed with the employees concerned and/or with their representatives, and no action of any sort will be taken by the management before such consultation has occurred.

Action

What are the main problems that you, as J Franklin, are facing? What steps do you need to take to improve the industrial relations atmosphere at Burke Engineering?