

EFFECTS OF TRADE UNIONS ON INDUSTRIAL RELATIONS IN KENYAN PARASTATALS: A CASE STUDY OF KENYA PORTS AUTHORITY

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ABSTRACT

This research paper analyzed the effects that trade unions have on industrial relations particularly within the public sector in Kenya. Further this paper investigated extent to which the said effects influence industrial relations in the public sector. This research is premised on a study of Kenya Ports Authority as one of the largest state corporation in Kenya with the highest number of unionized employees. Stratified proportionate random sampling technique was used to select the sample. From each stratum, the study used simple random sampling to select 73 respondents from Kenya Ports Authority in their various departments. Primary data was gathered using questionnaires. Descriptive analysis was used to generate answers to the research problem. Qualitative data analysis method was also applied in order to gain a better understanding and possibly enable more insightful interpretation of the results from the analysis of the data that was gathered using open ended questions. The study found there was a positive correlation between industrial relations and reward and benefits, working environment, performance pay base and staff training. Further the study established that the four independent variables studied, explain 84.1% of the industrial relations. However there are other effects of trade unions on industrial relations that were not studied contributing to 15.9%. The study finally, showed that performance pay base as a direct effect of trade unions has the greatest influence on industrial relations within Kenya Ports Authority. This led to the conclusion that trade unions still have a role to play in modern industrial relations in Kenyan parastatals. Further that the effects of trade unions have a great significance to the industrial relations within the public sector.

Key Words: Trade Unions, Industrial Relations, performance based pay

Introduction

Trade unions are a major component of the modern industrial relations system. In Kenya the right to form and join a trade union is a fundamental human right enshrined in the Constitution (Constitution of Kenya 2010). Trade unions in Kenya are involved in the formulation of national labour policy through an umbrella body called the Central Organization of Trade Unions

(COTU). In addition Kenya has codified trade union legislation into an act of parliament. The Trade Unions Act of Kenya (Cap 233) as repealed by Labour Relations Act 2007 and defines a trade union as an association of employees whose principal purpose is to regulate relations between employees and employers, including any employers' organization. With the expanded democratic space, increased awareness of fundamental rights, in particular the right to organize bargain and settle terms of conditions of employment labour unions have gradually been strengthened especially in the public sector.

The case of study for this research is Kenya Ports Authority (KPA) which a state corporation with the responsibility to "maintain, operate, improve and regulate all scheduled seaports" on the Indian Ocean coastline of Kenya, including principally Kilindini Harbour at Mombasa. Other Kenya Ports Authority ports include Lamu, Malindi, Kilifi, Mtwapa, Kiunga, Shimoni, Funzi and Vanga. The Kenya Ports Authority was established in 1978 through an act of Parliament and is located in Mombasa. Only the port of Mombasa is fully developed with modern equipment hence making it the principal port in the region. At the port of Mombasa the Kenya Ports Authority's core business is to provide: Safe navigation, Pilotage, Berthing, Mooring, Pollution control, Stevedoring, Shore handling and Storage services.

Kenya Ports Authority workers subscribe to a trade union called the Dock Workers' Union (DWU). DWU was officially founded in 1955. It was and continues to be the only employees' union representing employees of the Kenya Ports Authority. It is stated to be the single largest union deriving 95% of its members from the same place i.e. Kenya Ports Authority.

Literature Review

Theoretical review

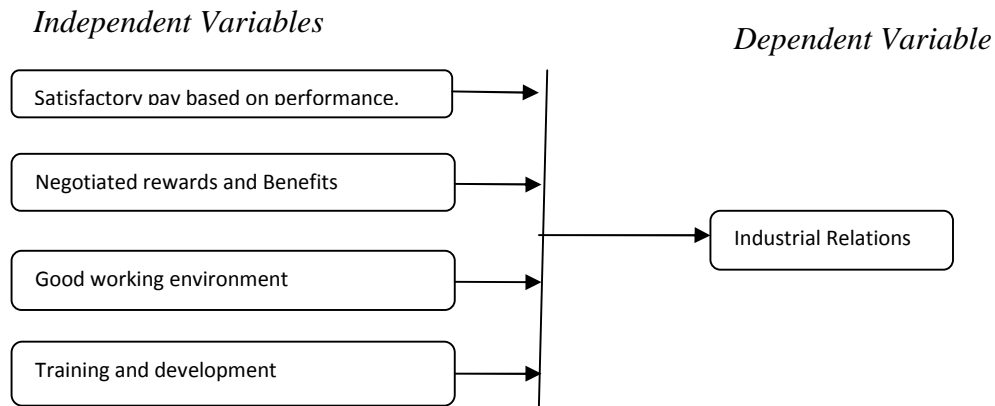
This research reviewed select literature that summarizes a diverse spectrum of views about trade union on industrial relations. These include the theoretical, conceptual and empirical review. The theoretical framework is premised on Four theories including Expectancy Theory this theory explains that motivation is only likely when a clearly perceived and usable relationship exists between performance and outcome, and the outcome is seen as a means of satisfying needs employees need due to increase in payment, Equity Theory suggests that people are not only interested in rewards as such, which is the central point of expectancy theory, but they are also interested in the comparative nature rewards, Goal Theory argues that an individual's motivation is enhanced when feedback performance is available such as fringe benefits while Operational Management Theory point that employees want higher pay, more benefits, and job security.

Conceptual framework

Conceptual framework is a diagrammatic presentation of the relationship between dependent and independent variables (Mugenda and Mugenda, 2003). In this study, the dependent variable would be industrial relations while independent are effects of trade unions i.e. satisfactory pay

based on performance, negotiated rewards and benefits, good working environment and staff training and development as in figure 2.2 below.

Figure 1: Perceived Effects of Trade Unions on Industrial Relations



Empirical review

According to Hirsch and Schumacher (2000) on balance unions are detrimental to company performance and economic efficiency but in addition to union's negative effects, union's representation and collective bargaining provide workers with varying degree of workplace democracy, collective voice, monitoring of working condition, protection from discrimination and enforcement of contractual provisions. Lovell *et al.* (2002), using data of Current Population Survey, U.S. Census Bureau found that workers in the retail food industry who are union members have significantly higher wages, higher rates of health insurance coverage, larger employment-based contributions to health insurance premiums, and higher rates of pension coverage than non-union workers. Full-time and part-time workers, women, and single mothers in the retail food industry all benefit from union membership.

Shafiq-ur-Rehman (2003) wrote about Pakistan that now role of labour unions is broad based and in additions to their collective bargaining role unions are involved in social, educational and recreational activities. He also expresses that unionization can the morale and motivation of the work force by improving the nature of jobs or by changing workers' perception of their jobs. Robles *et al.* (2004) are of the view that unions are also promoters of social capital in the economy by representing workers' petitions, exerting a pressure aimed to improve conditions at the workplace and acting as employees' voice easing communication between workers and employer which leads to help degree of job turnover consequently reducing training cost of new employees. Robles *et al.* asserted about unions' role for wages that empirical evidence has shown that unions exert an upward pressure on wages.

Research Methodology

The scope of this study was the trade union officials, Kenya Ports Authority management and unionized employees of the Kenya Ports Authority to establish the role of trade unions on industrial relations in Kenyan parastatals. Descriptive survey research design was adopted. The main focus of this study was quantitative. However some qualitative approach was used in order to gain a better understanding and possibly enable a better and more insightful interpretation of the results from the quantitative study. The study employed Stratified proportionate random sampling technique to select the sample. From each stratum, the study used simple random sampling to select 73 respondents from Kenya Ports Authority in their various departments. Primary data was gathered using questionnaires. The data instrument addressed the four research objectives where it was sub-divided into two sections. The first section of the questionnaire enquired general information about the respondents, while the next sections answered the four objectives and how they influence industrial relations within Kenya Ports Authority. The researcher involved three research assistants to help in distribution of questionnaires to the targeted respondents. The questionnaires were administered through drop and pick later method. The quantitative section of the instrument to be employed used both a nominal and a Likert type scale format to determine each of the variables. A 5 point Likert scale ranging from 1 to 5 were used as answers to statement like questions. The Likert - type format is selected as the format yields equal - interval data, a fact that allows for the use of more powerful statistical used to test hypotheses (Kiess & Bloomquist, 2008).

The study generated both qualitative and quantitative data. Quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS Version 17.0) and analyzed using descriptive statistics. Qualitative data was analyzed based on the content matter of the responses. Responses with common themes or patterns were grouped together into coherent categories. Descriptive statistics involved use of absolute and relative (percentages) frequencies, measures of central tendency and dispersion (mean and standard deviation respectively). Quantitative data was presented in tables and graphs and explanation were presented in prose. The study also used inferential statistics to establish the effects of trade unions on industrial relations. Specifically, the study used Spearman correlation to establish this relationship. The correlation coefficient was two-tailed as the relationship outcome was expected to be either positive or negative and at 95% confidence level. The research made use of frequency tables and figures to present data. The finding was intended on answering the study's research questions. Data collected was assembled and reports were produced in form of tables and figures and qualitative analysis was done in prose.

Results and Discussion

The study targeted a sample of 73 respondents' from Kenya Ports Authority. However, out of 73 questionnaires distributed 58 respondents completely filled in and returned the questionnaires, this represented a 79.5% response rate. This is a reliable response rate for data analysis as

Mugenda and Mugenda (2003) pointed that for generalization a response rate of 50% is adequate for analysis and reporting, 60% is good and a response rate of 70% and over is excellent.

Coefficient of Correlation

To compute the correlation (link) between the study variables and their findings, the study used the Karl Pearson's coefficient of correlation (r) as indicated in figure 7.1 below. From the findings, it was clear that there was a positive correlation between industrial relation and reward and benefits as shown by a correlation figure of 0.526, it was also clear that there was a positive correlation between industrial relation and working environment with a correlation figure of 0.609, there was also a positive correlation between industrial relation and performance based pay with a correlation value of 0.736 and a positive correlation between industrial relation and staff training with a correlation value of 0.511. This shows that there was a positive correlation between industrial relation and reward and benefits, working environment, performance pay base and staff training.

Figure 2: Coefficient of correlation

		Industrial Relation	Reward and Benefits	Working Environment	Performance pay	Staff training
Industrial Relation	Pearson Correlation	1				
	Sig. (2-tailed)					
Reward and Benefits	Pearson Correlation	.526	1			
	Sig. (2-tailed)	.0032				
Working Environment	Pearson Correlation	.609	.3421	1		
	Sig. (2-tailed)	.0021	.0014			
Performance Pay Base	Pearson Correlation	.7360	.1240	.0621	1	
	Sig. (2-tailed)	.0043	.0120	.0043		
Staff training	Pearson Correlation	.5110	.3420	.0000	.1660	1
	Sig. (2-tailed)	.0172	.0031	1.000	.0031	

Coefficient of Determination

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (industrial relation) that is explained by all the four independent variables (reward and benefits, working environment, performance pay base and staff training). The four independent variables that were studied, explain only 84.1% of the industrial relation as represented by the adjusted R^2 . This therefore means that other effects of trade unions that

influence or impact on industrial relations of Kenyan parastatals not studied in this research contributes 15.9% as demonstrated in figure 7.2 below. Therefore, further research should be conducted to investigate the other roles (16.6%) that will enhance industrial relation.

Figure 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.917	0.841	0.751	0.4538

Regression coefficient

Further the study conducted a multiple regression analysis so as to determine effects of trade union in encouraging good industrial relation. The study applied the statistical package for social sciences (SPSS) to code, enter and compute the measurements of the multiple regressions for the study. Multiple regression analysis was conducted as to determine the relationship between role of trade union and industrial relation and the four variables. As per the SPSS generated in table 4..., the equation is:

$$(Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon) \text{ becomes:}$$

$$Y = 1.308 + 0.558X_1 + 0.785X_2 + 0.620X_3 + 0.731X_4$$

Equation 7.3.: Regression coefficient

The regression equation above has established that taking all factors into account (Reward and Benefits, Working Environment, Performance Pay Base and Staff training) constant at zero, industrial relation will be 1.308. The findings presented also shows that taking all other independent variables at zero, a unit increase in reward and benefits will lead to a 0.558 influence on industrial relation; a unit increase in working environment will lead to a 0.731 influence on industrial relation; a unit increase in performance pay base will lead to a 0.785 influence on industrial relation and a unit increase in staff training will lead to a 0.620 influence on industrial relation. This infers that performance pay base has the most influence on industrial relation followed by working environment then reward and benefits while staff training contributed little to industrial relation.

At 5% level of significance and 95% level of confidence, working environment had a 0.0285 level of significance; staff training showed a 0.0276 level of significance; reward and benefits showed a 0.0249 level of significance and performance pay base showed a 0.0202 level of significance hence the most significant factor.

Figure 4: Regression coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.308	1.342		1.623	0.357
Reward and Benefits	0.620	0.310	0.172	4.342	.0249
Working Environment	0.731	0.156	0.210	3.532	.0285
Performance Pay Base	0.785	0.322	0.067	3.542	.0202
Staff training	0.558	0.245	0.148	3.458	.0276

Summary of findings

The study establishes that the effects of trade unions have a great influence on industrial relations within Kenya Ports Authority and the public sector in general. Performance based pay influences working relation to a very great extent. The Kenya Ports Authority also uses competence based pay, merit based pay, organization wide incentive and payment by results. From the study it is also clear that performance based pay serves various purposes to a great extent to enhance effort, to upgrade workforce quality, to attracting talent and in motivating effort. It further establishes that performance based pay links compensation to a measure of individual, group or organizational performance and the pay system influences working relation. However, the findings indicate that although pay system motivates staff, it lacks appropriate quantum of pay, has a poor mix of intrinsic and extrinsic reward and is limited by lack of tools to measure performance.

On rewards and benefits, the study found that rewards impacts work relation to a large extent. Majority of the employees were satisfied with their job reward/emoluments. The findings showed that at Kenya Port authority reward system consist of use of fringe benefits, awards, bonus payment, promotion and salary increment which are fairly applied to all workers.

On working conditions, the findings indicate that good working environment impacts on industrial relations to a great extent. The findings also indicate that most of respondents find their values to be similar to the organization's values and are proud to work for Kenya Ports Authority. Kenya Ports Authority working conditions were found to be characterized by benefits, flexibility of working hours, balanced workload, and use of new technologies, ability to influence decisions, job security, promotion and advancement opportunity and good relationship with supervisors.

On staff training, the study found that staff training and development influences working relation to a great extent. The training influences working relations to a great extent were such as approach of training, frequency of training, quality/ content of training and relevance of training. The aspects of training and development used to a great extent by Kenya Ports Authority to enhance working relation were such as consultants, training courses and seminar, supervisory assistance and mentoring and job instructions. The study also found that well trained employees have created good working relations.

On regressing, the study found there was a positive correlation between industrial relation and reward and benefits, working environment, performance pay base and staff training. Further the study established that the four independent variables that were studied, explain only 84.1% of the effects of trade unions on industrial relation as represented by the adjusted R^2 , however there are other effects of trade unions that were not studied contributing to 15.9%. The study finally, showed that performance based pay has the greatest influence on industrial relation followed by working environment then reward and benefits while staff training had lesser impact on industrial relations in the selected case study.

Conclusions and Recommendations

Based on the findings presented in the summary above, the study concluded that industrial relations are influenced by performance based payment system, staff training and development, performance measurement and work environment. Performance-based pay being a form of organizational pay structure which motivates employees to adopt a more active role their work place as it reflects in their pay. Performance based pay system thus enhances industrial relations by upgrading workforce quality, attracting talent and motivating effort. Kenya Ports Authority has adopted this strategy to boost its industrial relations by competence based pay, merit based pay, organization wide incentive and payment by results. According to Landau and Leventhal (1976), performance-based pay serves to enhance effort and upgrade workforce quality, motivate effort and attract talent when effort and talent are not easily observed.

The study also concludes that Kenya Ports Authority approach to training, its frequency, quality/content and relevance affects performance as trained employees ensure sustainability of quality service, rely less on supervision and are less likely to deliver substandard services hence good industrial relations. As Harrison Rosemary (2005) put it, training and development ensures that randomness is reduced and encourages specialization and consistency in performance. Kenya Ports Authority approach to training includes consultancy, training courses and seminar, supervisory assistance and mentoring and job instructions to encourage good industrial relations.

Rewards system also influences industrial relations at Kenya Port authority. Reward systems are directed towards encouraging behaviour that will contribute to the achievement of its objectives. Roberts (1994) states that good reward system consists of both non-financial rewards such as acknowledgment of effort e.g. saying 'thank you' and financial rewards which incorporate fixed and variable pay and employees benefits, which together comprises total remuneration leading to

a employees satisfaction and consequent better performance. Kenya Port authority reward system consists of use of fringe benefits, awards, bonus payment, promotion and salary increment which are fairly applied to all employees.

The study further concluded that work conditions impact on industrial relations. Whyte (1955) postulated employee motivation to be influenced by the employees' relationship among themselves, the management and the general work environment such as teamwork, promotional/recognition strategies, communication flow, decision making, workload and duration. Kenya Port authority work environment is characterized by assorted employees' benefits, flexibility of working hours, less workloads, use of new technologies, ability to influence decisions, job security, promotion and advancement opportunity and good relationship with supervisors.

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