

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATES STUDIES**



**ASSESSMENT ON THE ROLE OF LABOR UNION IN
COMMERCIAL BANK OF ETHIOPIA**

**BY
MAHLET SOLOMON**

**MAY, 2016
ADDIS ABABA, ETHIOPIA**

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATES STUDIES**

**ASSESSMENT ON THE ROLE OF LABOR UNION IN
COMMERCIAL BANK OF ETHIOPIA**

**BY
MAHLET SOLOMON**

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE
STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION

**MAY, 2016
ADDIS ABABA, ETHIOPIA**

APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature

Advisor

Signature

External Examiner

Signature

Internal Examiner

Signature

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Elias Nour. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Mahlet Solomon

Name

St. Mary's University, Addis Ababa

Signature

_____ June 2016

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Dr. Elias Nour

Advisor

St. Mary's University, Addis Ababa

Signature

_____ June, 2016

ACKNOWLEDGMENTS

First, I want to provide hymn to God who gave me the strength, protection, continuous guidance and direction in pursuing this program and study become finalized.

I would like to thank my advisor Dr. Elias Nour for his time, counsel and contribution to the success of this work.

My special gratitude goes to my parents for their support throughout my life. I would like to thank my sisters Maereg and Feven for being there whenever I needed them.

My special thanks go to the president of CBE labor union Ato SeifuYirdaw Ato Yitaseb Degu, and my colleagues for giving me their time. I also like to thank all the survey respondents who took their time to file the questioners.

My dear friends Ato Getahun Seid and Rahel Shewaye, Robel Shewaye for their precious time and moral support throughout this study.

LIST OF ACRONYMS/ ABBREVIATION

CBE: Commercial bank of Ethiopia

FDRE: Federal democracy of Ethiopia

ILO: International labor law

BOLSA: Regional Bureaus of Labor and Social Affairs

MOLSA: Ministry of Labor and Social Affairs

LIST OF FIGURES

Figure 1 reason of employees for joining the union

List of tables

Table 1 sample size determination

Table 2 demographic characteristics of survey respondents

Table 3 analysis on the attitude of employees towards the labor union in maintaining their interest and

Table 4 analysis on the attitude of employees towards the labor union on the current employment relation

ABSTRACT

Smooth relationship between the management and the employees is very important for the accomplishment of organizational goals. Labor unions play a vital role in enhancing harmony and cooperation in the employment relations. This study assesses the role of labor union in Commercial Bank of Ethiopia. The main objective of this study was to assess the effect of trade union on employment relation and how it works in CBE by using descriptive research design. This study has applied both qualitative and quantitative research methods. In-depth interviews and questionnaire were used in the research. 315 questionnaires were distributed to sample surveys. The questionnaires included both open ended and close ended question. Out of these questionnaires 300 were returned, making the respondent rate 95%. An In-depth interview was made with Union Officers and HRM Officers to gather the qualitative data. The finding of the study indicates that employees agree on the necessity of the labor union, the existence of the union enables better communication between the management and employees. On the other hand finding also shows that there is violation of the collective agreement. Some representatives of the union are not doing what they were elected for. The other major finding was that the management and the union could not get on agreement on the amendment of the collective agreement. Based on this the researcher draws some recommendations the management have to be open to involve the union in every activity that involves the employees interest and rights.

Table of Contents

CHAPTER ONE: INTRODUCTION	13
1.1 Background of the Study	13
1.2 Statement of the problem.....	16
1.3 Research Questions.....	17
1.4 Objective of the Study	17
1.4.1 Specific objectives	17
1.5 Significance of the Study.....	18
1.6 Scope or Delimitation of the study	18
1.7 Organization of the Paper	18
CHAPTER TWO: REVIEW OF RELATED LITERATURE	19
2.1 Overview of Employment Relations	19
2.2. What Is Labor Union	21
2.3. Policies of Employment Relations	22
2.4. Collective agreement	23
2.5 Collective Bargaining	24
2.6 Functions and Roles of Labor Unions in Employment Relation.....	25
2.7 Why do Employees Join Unions?.....	26
2.8 History of Labor Unions in Ethiopia	27
2.9 The Current Legal Framework	28
CHAPTER THREE: RESEARCH METHODOLOGY	30
3.1 Research Design	30
3.2 Population and Sampling Techniques	31
3.3.2. Sampling Techniques	32
3.3 Types of Data and Instrument of Data Collection.....	32
3.4 Procedures of Data Collection.....	33
3.5 Method of Data Analysis.....	33
3.6 Ethical Consideration	33
3.7 Reliability and Validity	33

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS OF FINDINGS	35
4.1. Introduction	35
4.2 Demographic Characteristics of Survey Respondents.....	35
4.3 Attitude of the employees towards the role of the labor union in maintaining their interests and rights in CBE.	37
4.4Attitude of employees towards the current employment relations climate in their organization.	42
4.5 Reasons of members for joining the union	45
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	46
5.1 Summary and Conclusions	46
5.2 Recommendations	48
REFERENCES	50
APPENDIX	53

CHAPTER ONE

INTRODUCTION

This chapter consists of the background of the study, statement of the problem, objectives of the study, research questions, scope of the study, significance of the study and organization of the study.

1.1 Background of the Study

Human resource management as a process is responsible to manage the individual aspects of employment relationship from employee recruitment and selection to international employment relations. It works on relationship building among employees and management. It tries to maintain good employment relations by creating good working atmosphere, providing attractive rewards, having good leadership and assigning employees to interesting and challenging jobs (Career View, 2010).

Participative and mutually respecting employment relations advance cooperation, enhance productivity, and promote trust, thereby reduces antagonism and exploitation in an organization. It covers issues of concern to managers and employees at the workplace, including workplace bargaining, employee representation and participation, union-management co-operation, workplace reform, job design, new technology and skill development. Besides the government, employers and workers are key players in an employment relation. However, the role of labor unions is unique in addressing core issues of wages, working conditions, and job security as principal parties to employment relations (Azucena, 1999).

Labor union is defined as “an association of workers who bargain collectively with their employer regarding terms and conditions of employment” (Farbar 2001 p.24). It is described as “voluntary association of workers to promote and protect their interest by collective endeavor and constitute an integral part of the relationship between employees and employers” (Akteruzzaman 2006 p.29).

Labor unionism is a worldwide movement. It first evolved in Great Britain during the latter half of the seventeenth century with the expansion of industrialization and markets and spread to Europe, North America as well as other parts of the world in later years. As individual workers employees were economically weak when bargaining with employers and many of the interests of capital and labor were divergent the personal contacts between owners and workers were eliminated with the growth of industry. The conditions of work and life of workers became so poor that workers had to protect themselves from exploitation through unionization. (Assefa, 2003)

Labor union plays a major role in smoothing labor relation. The existence of unions gives opportunity to employees to bargaining collectively which can avoid unpleasant working environment for the workers and union pushes management to act in a different way the prime purpose of labor unions has always been to improve the terms and working condition of their members; the union has only one thing to offer in exchange for improvement in the terms and conditions, that, is some opportunity for improvement in productivity of performance (Torrington, Laura and Taylor 2008).

The constitution of FDRE provides that ever person has the right to form unions and other association to bargaining collectively with employers or other organizations regarding their interests. The law provides for the right to strike. Further the Ethiopian labor proclamation no. 377/2003 states that workers and employees shall have the right to establish and form labor unions or employers association.

The Commercial Bank of Ethiopia (CBE) is the largest and leading commercial bank in Ethiopia, established in 1942. It is Pioneer to introduce modern banking to the country and had about assets of 276.3 billion Birr as on April 30th 2015. It also plays a catalytic role in the economic progress & development of the country and the first bank in Ethiopia to introduce ATM service for local users. The bank has more than 20,000 talented employees, who staff it's headquarter and it has more than 1000 branches positioned in the main cities and regional towns.

Currently, CBE has more than 8.5 million account holders. It has strong correspondent relationship more than 50 renowned foreign banks and a swift bilateral arrangement with 700 others banks across the world. Pioneer to introduce western union money transfer services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money. Commercial Bank of Ethiopia has reliable and long-standing relationships with main internationally acclaimed banks throughout the world. The Commercial Bank of Ethiopia, have 15 districts that are distributed trough out the country.

The *Vision* of the Commercial Bank of Ethiopia reads “To become a world-class commercial bank by the year 2025”. The *Mission Statement* reads:

“We are committed to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities, by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. We strongly believe that winning the public confidence is the basis of our success”.

The Commercial Bank of Ethiopia states that it pursues the values of: Corporate Citizenship, Customer Satisfaction, Quality Service, Innovation, Teamwork, Integrity and Employees satisfaction (CBE annual report, 2015)

The labor union of CBE was established in 1960 E.C. Currently the union has seven permanent employees and one temporary employee. The union of CBE is capable of assuring those rights and the privilege of members to the best interests of the bank. Some objective of CBE labor union is to:

- exert more effort to the realization of vision mission, objective and goals of the bank;
- assure proper protection and enforcement of rights privileges of the employees in line with the national and international labor conventions and terms and conditions stipulated in the collective agreement in force;
- protect the employees against unfair exploitation of labor and improper utilization of efforts and skills;

- support the members during the time of financial distress and unlawful eviction/ dismissal from job;
- promote customer satisfaction via employees satisfaction; and
- Rise awareness on the rights and duties of employees in line with the existing national laws, international labor conventions, and human resources principles (CBE Labor Informer).

1.2 Statement of the problem

The Labor union is a major component in the system of employment relations in any country, each having their own set of objectives or goals to achieve according to their constitution and each having their own strategy to reach those goals (Ghosh & Geetika, 2007 p.45). The goal of labor union is to influence managerial attitudes and behavior towards the labor relations. If the management is very antiunion, the negotiation and administrative process will not go smoothly. The union is the other focal organization in effective collective bargaining relationships. Union officials and management interact daily and at contract time. Union and managerial attitude towards each other affect the degree of peace and effectiveness that can exist in labor management relations. (M. Ivancevich 2004).

Cascio, for example, raises the questions whether “workers exert more effort and due diligence if they feel they are treated fairly and with dignity and respect” and conversely, whether “poor labor relations climate affect product quality”. He then answers the questions in the positive and indicates the consequences of gaps in this regard stating that “economic and psychological research suggests that the answer is yes, unfortunately the consequence is deadly” (Wayne F.Cascio 2010 pp.515).

An organization will not operate effectively unless it has a stable and relatively harmonious relationship with its employees. Conflict and disaffection will lead, almost inevitably, to high staff turnover, poor attendance, lack of involvement and other indicators of poor performance (Stredwick 2005 pp.242).

Labor union plays a major role in smoothing labor relation. The existence of unions gives opportunity to employees to bargain collectively which can avoid unpleasant working environment for the workers. Labor unions bargain on behalf of the employees to enhance job security, secure maximum wage (salary) and other benefits. The union pushes the management to act in a path that focuses not only on productivity and profit, but also toward the wellbeing and benefits of employees. However, the management and the union have sometimes conflicting ideas. Currently there are challenges in the proper implementation of the Collective Agreement by the Management Side. There are also gaps in the timely review and amendment of the Collective Agreement in accordance with the current realities and changing working conditions. In this regard delays in collective bargaining and reaching on mutual agreement upon collective bargaining are the major problems observed in CBE. There is thus the need to assess the role of labor union in the course of addressing these problems that adversely affect employment relations in CBE.

1.3 Research Questions

In view of the above-mentioned problems this research attempts to address the following basic research questions in assessing the role of labor union on the overall employment relation in CBE:-

- a) How does representation activity of the labor union in CBE influence/affect the nature of employment relation in the organization?
- b) How do the union members evaluate the contribution of the union in CBE on the overall employment relation in the organization?
- c) How can the current employment relation in CBE be characterized in terms the interaction between the labour union and management?

1.4 Objective of the Study

The general objective of this study is to assess the effect of labor union on employment relation and how it works in CBE.

1.4.1 Specific objectives

By doing so, more specifically the research tried to find out

- a) the representation role of the labor union in CBE

- b) the views of union members towards the role of the labor union.
- c) the attitude of the management towards the activity of the labor union

1.5 Significance of the Study

This study is mainly expected to broaden understanding of labor unionism in organizations as it focused on assessing its effect on employment relations. It provides insights to CBE employees and management to gain wider knowledge on the role of labor union on employment relations by helping them to understand how to have a smooth relation by maintaining both of their interest. It can also facilitate further studies by other researchers who have an interest in understanding the effect of labor unions on employment relations.

1.6 Scope or Delimitation of the study

This study was conducted in CBE, a Government Bank and limited in assessing the effect of labor union on employment relations in this organization in the four Addis Ababa Districts that are Grade Four Branches only. Time and financial constraints make it difficult to include all its branches in Addis Ababa. The same constraints also make it impossible to interact with different sectors and labor unions in Ethiopia. However, results could have been more interesting if more sectors and labor unions in Ethiopia were covered, especially assessing the situation in private sectors would have helped to see issues in contrast.

1.7 Organization of the Paper

This paper is organized in to five different chapters. Chapter one deals with the introductory part of the study. Here, background of the study, statement of the problem, objective of the study, significance of the study and scope and limitation of the study are covered. Chapter Two presents a condensed relevant literature review and theoretical framework of the study. Methodology of the research is presented on Chapter Three. Chapter Four discusses on findings of the survey and analysis of results. The situation of employment relations in the Bank and experiences and practices of the labor union are analyzed based on opinions reported by the management, union officials and sampled union members. Finally, Chapter Five presents conclusion and recommendation based on findings of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter gives an overview of literatures that are related to the research problem presents in the previous chapter.

2.1 Overview of Employment Relations

As Armstrong (2006) notes, “no employment relationship occurs in a vacuum”. Every organization consists of employers and employees who work together and relate to one another. In law an “employee” is someone working under a contract of employment, the tacit assumption being that an “employer” is the other party to the contract with the right to tell the worker what to do. This is the “employment relationship” which describes how employees and employers work together. It may be expressed in a formal contract, but it is also an informal process which happens whenever an employer has dealings with an employee and vice versa. In general, it is concerned with managing the employment relationship and developing a positive psychological contract particularly it deals with the terms and conditions of employment and issues arising from employment (Armstrong, 2010 pp.294). As cited by Martin and Jackson (2002 pp201), David Farnham (2000) defined employment relation as “the part of managing people that enables competent managers to balance, within acceptable limits, the interests of employers as buyers of labor services and those of employees as supplier of labor services in a labor market and workplace”.

An employment relation is “the interconnection that exists between employers and employees in the workplace”. It may be formal in the form of contract of employment and procedural agreement, or informal, in form of psychological contract, which expresses certain unwritten set of expectations operating at all times between every member of an organization and various managers and others in that organization. It has both individual dimension, which refers to individual contracts and expectation, and collective dimension, which refers to relationships between management and labor unions (Kessler and Undy, 1996).

Employees are those working under the direction and supervision of the management. Employees have corresponding obligations, which include obedience, competence, honesty and loyalty for their organization. At the same time, employees and their associations have the right to protect and safeguard their interests through collective action and negotiation. Unions are also responsible to protect their organizations from harm resulted from their direct actions and to understand and appreciate problems of managements by adopting a policy of “give and take” while bargaining with management.

Employers are those owning an undertaking and/or individuals with the power to hire and fire employees and to suggest and implement strategies and policies that affect them. They are responsible to pay salary for employees, provide safe workplace and to act in good faith towards employees. In doing so, they prevail an environment of mutual respect, confidence, goodwill and understanding on part of both management and employees in the exercise of their rights and performance. Besides employers and employees the state also influences and regulates employment relation directly or indirectly. Directly it influences through legislation, dispute resolution and is also an employer for some. Indirectly it influences by providing important contexts and by shaping climate and priorities in employment relations (Armstrong, 2006).

Managing employment relations is a “process of ensuring and adopting a transparent, consistent and fair approach in dealing with all aspects of employment in an organization”. It is a process affected by the ways in which people are required to carry out their work, how performance expectations are expressed and communicated, how work is organized and how people are managed in an organization. Organizations’ culture and the day-to-day informal interactions of employees and managers also have significant impact on the management of employment relations (Armstrong, 2009 pp.266-267).

As cited by Martin and Jackson (2002 pp.201), David Farnham (2000) defined employment relation as “the part of managing people that enables competent managers to balance, within acceptable limits, the interests of employers as buyers of labor services and those of employees as supplier of labor services in a labor market and workplace”. According to Storey et al., (2009

pp.44) an employment relation is a “double indeterminacy”. From the side of the employer, there is a need to control and to use workers’ creative capacities appropriately. On the other hand, workers wish to resist or to negotiate the terms of this control.

2.2. What Is Labor Union

Labor union is defined as “an association of workers who bargain collectively with their employer regarding terms and conditions of employment” (Farbar 2001 pp.24). A trade union (or labor union) is an organization of workers or employees who have combined together to achieve common goals in areas such as in working conditions and protecting and promoting their mutual interests through collective action. A trade union, through its leadership, bargains with the employer or the management on behalf of the union members and negotiates labor contracts etc.

The process of negotiating wages, work rules, complaint procedure and workplace safety is called collective bargaining. Historically, union representation and collective bargaining have been the keys to the growth of a stable working population in developed economies and it has made it possible for workers to gain a more equitable share of the wealth that they create; they are able to improve working conditions and help workers gain job security. Changes in the political, social and educational environments regarding awareness of rights – such as the right to organize, the right to bargain and the right to settle the terms and conditions of the employment- have caused workers unions to spring up to protect and further workers interests. Thus, with the establishment of minimum wages, norms for mandatory work hours, provisions for health and safety, and overall improvement in working conditions, unionization has become instrumental in improving the quality of life of workers (Rao 2010, pp.293).

According to Benson & Brown (2010) not all unions have an equal capacity to represent members. The conventional knowledge that exists, supports the idea that employers treated their valued employees as commodity and as such, do not risk offending or creating conflict within the organization that can cause reprehensible damages to the long term future of the organization and the bottom line.

2.3. Policies of Employment Relations

Employment relation policies define “the intentions of the organization about what needs to be done and what needs to be changed in the ways in which the organization manages its relationships with employees and their unions”. Like all other aspects of HR policies, employment relation policies will flow from the business strategy and aim to support it (Armstrong, 2008 pp193). Four approaches to employment relations policies have been identified by industrial relations services (1994):

- **Adversarial:** The organization decides what it wants to do and employees are expected to fit in. Employees only exercise power of resistance by refusing to cooperate.
- **Traditional:** A good day to day working relationship but management proposes and the workforce reacts through its elected representatives.
- **Partnership:** The organization involves employees in formulation and execution of organizational policies but retains the right to manage.
- **Power sharing:** Employees are involved in both day to day and strategic decision making.

Adversarial approaches are much less common than in the 1970s. The traditional approach is still the most typical but more interest is being expressed in partnership. Power sharing is rare. Regardless of a preference for one of the four approaches, employment relation policies express the philosophy of the required relationships between management and employees and their unions and how they should be handled. When they are articulated, policies provide guidelines for action on employment relation issues and can help to ensure that these issues are dealt consistently. They provide the basis for defining management’s intentions on key matters such as union recognition and collective agreement and can also affect informal employee relationships. Moreover, while formulating employment relation policies, organization might decide on which HRM approach to adapt for employment relation. As described by Armstrong (2008 pp.195) the following philosophy of HRM constitute the HRM model for employment relations:

- **A drive for commitment:** Winning the “hearts and minds” of employees to get them to identify themselves with the organization, to exert themselves more on its behalf and to remain with the organization; thus ensuring a return on their training and development.

- **An emphasis on mutuality:** Getting the message across that 'we are all in this together' and that interests of the management and employees coincide.
- **The use of employee involvement:** techniques such as quality circles or improvement groups.
- **Increased flexibility in working arrangements:** including multi-skilling, to provide for the more effective use of human resources and an emphasis on teamwork.
- **Harmonization of terms and conditions for all employees.**

2.4. Collective agreement

Armstrong, (2006 pp.757) defined collective agreement as, “a joint regulating process, dealing with the regulation of management in its relationships with work people as well as the regulation of conditions of employment”. It provides a framework, within which the views of management and unions about disputed matters that could lead to industrial disorder can be considered with the aim of eliminating the causes of the disorder. It has a political as well as an economic basis as both sides are interested in the distribution of power between them as well as the distribution of income. Above all, collective agreement is “a power relationship that takes the form of a measure of power sharing between management and labor unions”.

On behalf of the employer the agreement can be concluded by either the individual companies or their association. On the other hand, on the employees behalf, the agreement can be concluded by their association. (Aimala, Astrom, Rautiainen & Nyysola, 2005)

The provisions of collective agreement affect the employment relationships between the members of the signatory parties. The main provisions include the wages and the working time. Collective agreement should be concluded in writing. It ensures employees a minimum level of employment terms laid down. On the other hand, the parties who are bound by the collective agreement may not during the contract period take industrial action to improve the terms of employment complying with the agreement or pressure the other party to change the agreement (Holopainen, 2009).

The ILO¹ Right to Organize and Collective Bargaining Convention No. 98 (1949) describes collective agreement as: "Voluntary negotiation between employers or employers' organizations and workers' organizations, with a view to the regulation of terms and conditions of employment". According to Ethiopian labor proclamation 377/2003, collective agreement is "an agreement concluded between one or more representatives of labor union and one or more employers or agents or representatives of employers organization concerning on conditions of work" (Article 124).

In Ethiopia, provisions of collective agreement affect employment relations between signatories and are binding to both parties who have signed the agreement. General matters concerning employment relationship and conditions of work as well as relations of employers and their organizations with workers' and their organizations are determined by collective agreement. Matters left by provisions of the labor proclamation or other laws, arrangement of working hours and conditions for protection of occupational safety and health and the procedure for making work rules and grievance will also be regulated by collective agreement. In addition, level of workers' participation regarding promotion, wages, transfer, reduction and discipline and the manner of improving social services will be covered by the collective agreement (Articles 128 & 129). Following to the agreement, no party could not take any industrial action to improve terms of employment complying with the agreement or pressure the other party to change the agreement before three years from the date of its validity unless otherwise both parties are agreed to change or modify their collective agreement in response to major changes occurred in the country or in their organization (Article 133).

2.5 Collective Bargaining

According to Webster's dictionary, collective bargaining is defined, "a negotiation between organized workers and their employer or employers for reaching an agreement on wages, fringe benefits, hours, and working conditions." Collective bargaining in the public sector differs in some way from the private sector and the meaning applied in that setting. The writing of the following contained in Public Management stated, "Public sector collective bargaining has been described as a political process in which unions can gain an unfair advantage over other groups

¹ ILO; international labor law

competing for the government's limited resources and therefore a balance is necessary" (Grattet, 1995).

Unionized employees receive not only more benefits, but also benefits that are more use full to them. Unions take the collective preferences of their members and communicate this information to the employer, with the result that the mixture of the total compensation package is rearranged to reflect these preferences (Budd, 2005, pp. 669).

As a final aspect of the facilitation effect, unions can help make it safe for employees to take advantage of the benefits that are offered to them. In addition to facilitating appropriate use of benefits, unions represent workers in grievance procedures in the event of a dispute. One study reviewed 99 union arbitrations involving employees who were fired or disciplined for missing work due to family care needs. In all but one case, workers' dismissals were overturned or discipline was reduced as a result of the union filing a grievance (Williams, 2006).

2.6 Functions and Roles of Labor Unions in Employment Relation

Labor unions are "a legitimate system for organizing workers to voice their rights and grievances". Organizations would become either too paternalistic or too dictatorial in absence of unions. Responsible unions play an important role in maintaining cordial relations between management and labor. The effect of unionization is that management cannot have a free hand in fixing conditions of employment and work, assigning work to employees as well as in hiring and dismissal of workers. Labor unions are important partners in employment relations with essential functions of empowering employees to have the power of making decisions about their working life and helping them to distribute the fruits of socio-economic development equitably. They struggle for pay increases and try to improve or at least to retain the level of employment (Stiftung, 2003 pp.28-29).

A role of labor unions also extends to the society by exerting a strong influence on individuals, organizations and upon the government to advance the economic and social positions of their constituents. They try to influence the decisions of not only the administration of individual organization but also the state legislatures to improve labor laws on variety of issues for the welfare of their employees. Unions render all sorts of constructive cooperation in the formulation

and implementation of plans and policies relating to national development. In addition, unions by performing their fraternal goals can provide sense of belongingness for employees and create favorable public opinion to labor unions and thereby raise their status (Bryson and Forth, 2010).

The primary functions of trade unions are to secure the interests of their workers and conditions of their employment. The main functions of a trade union can be as follows:

- Bargaining for higher wages and for better working conditions for its members
- Providing management suggestions on personnel policies and practices.
- Helping workers in getting the control of industry.
- Protecting members against discrimination and unfair justice of employers.
- Helping workers in all matters which results in workers interests. (Rao 2010, pp.294-295)

2.7 Why do Employees Join Unions?

Employees usually form or join unions because of the perceived benefits that unionization might provide them. These benefits can be economic, social, and political. Economic benefits can result from a union's ability to negotiate higher wages, better or expanded benefits, greater job or employment security and improved working hours and conditions. Social benefits can be derived from the affiliation and sense of community that workers share when they are unionized. Their personal issues and needs relating to their jobs and lifestyles can often be integrated within the union agenda, with corresponding support gained from coworkers.

Political powers can be gained through the sense of power in numbers. In negotiating with management over terms and conditions of employment, individual employees are relatively powerless. When workers unionize and speak with one voice, they leverage their individual power against management and equalize the balance of power within the organization. Unions can allow workers far greater say and involvement in negotiation and setting critical terms and conditions of employment and in ensuring fair treatment from the organization (Mello, 2006).

2.8 History of Labor Unions in Ethiopia

Individual workers were economically weak when bargaining with employers and many of interests of capital and labor were divergent. The personal contacts between owners and workers declined with the growth of industry. The conditions of work and life of workers became so poor that workers had to protect themselves from exploitation through unionization. Trade unionism is a worldwide movement. It first evolved in Great Britain during the latter half of the seventeenth century with the expansion of industrialization and markets and spread to other parts of the world in later years. Labor unions were organized as “continuous associations of wage earners for the purpose of improving the conditions of their work”. They also became a force in their respective communities and national life by taking an active interest in politics and government activities in many countries.

In Ethiopia, workers started being organized in an economic situation dominated by foreign employers who attempted to operate in modes of the colonial era even though Ethiopia has never been colonized. They were subjected to oppression and exploitation which motivated them to stage struggles against employers’ decision-making over which management claims sole and exclusive rights. The oldest union in Ethiopia was the Ethio-Djibouti railway workers union, which was formerly known as the Franco-Ethiopian Railway Workers’ Union. This union was established in 1945 E.C and has been the sole workers’ organization in the country, for several years. At the time, workers in other establishments had no means of protecting their interests. As a result, the effort of labor unions generally terminated in failure for many years since there was no law giving legal recognition to unions in the country. The promulgation of the 1963 Labor Relations Decree created an important landmark in the history of trade unionism in Ethiopia as it gave legal recognition to unions. Collective bargaining through labor unions also became a form of employer-employee relationship in the country.

Currently, labor unions are important partners on employment relations with essential functions of empowering employees to have the power of making decisions about their working life and helping them to distribute the fruits of socio-economic development equitably. In Ethiopia, the history of trade unionism has always been about unionism in private and state owned establishments. Public servants have never acquired legislative rights to organize and bargain,

even though, the constitution provides the right to freedom of association to government employees below the official level of responsibility. The labor law is not that generous and the government's attitude towards unionization of public servants has never been favorable. Public workers are therefore governed by civil service laws, since 1963. Selection for job openings and advancements are based on the merit of this law. Workers in establishments governed by this law also gained protection against unfair discharge (Stiftung, 2003).

2.9 The Current Legal Framework

The Constitution of the Federal Democratic Republic of Ethiopia provides every person the right to assemble and to demonstrate together peaceably without being armed, and it provides for the right to freedom of association for any cause or purpose (Articles 30 & 31). Article 42(1) (a & b) further stipulates that factory and service workers, peasant farmers, farm laborers, non-farm workers, and government employees below the official level of responsibility have the right to form labor unions and other associations to bargain collectively with employers or other organizations regarding their interests. Ethiopia has also ratified International Labor Standards (the Right to Organize Convention No. 87 of 1948) and (Collective Bargaining Convention No. 98 of 1949) which form the basis for labor union rights.

Moreover, the Labor Proclamation 377/2003 provides private workers the right to establish and form labor unions and actively participate in labor union activities (Article 113 (1)). It further stipulates that one labor union may be established in an undertaking where twenty workers or more are employed (Article 114). Labor unions at the organizational level may form industrial federations, which may jointly set up confederations. The proclamation also provides that federations or a confederation of labor unions may join international trade union organizations. Labor union at organizational level is required to be registered by (BOLSA)²; federations and the confederation have to be registered by (MOLSA)³ (Article 118 (1)). A labor union so registered has the capacity to enter into contract, to sue and be sued, to own, use and transfer property, to represent members at all levels and to perform any legal act necessary for the attainment of its

²BOLSA: Regional Bureaus of Labor and Social Affairs

³MOLSA: Ministry of Labor and Social Affairs

goals. Currently, labor unions in Ethiopia are governed by this proclamation, which is the main legislation that provides various rules, regulations and controlling mechanisms related to unions.

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter discusses the research design, sources of data, sampling techniques, data collection methods and methods of data analysis.

3.1 Research Design

Welman and Kruger (2004) describes the research design as the plan in which information is obtained from the research participants. In the plan it is clearly defined how participants are going to be selected in order to get valid and reliable research results. Among different research designs descriptive studies are common in social science researches. The main purpose of descriptive study is giving accurate explanation of a situation or an association between variables. It regularly focuses on describing the state of affairs as it exists (Kothari, 2004 pp.31-37). The research was conducted using descriptive research design to assess and describe the role of labor union on commercial bank of Ethiopia. The researcher chooses this design for its appropriateness on describing the current employment relation and to draw some conclusion and recommendation for the gaps identified.

The other decision to be made in planning and conducting a research program is the extent to which quantitative methods or qualitative methods are used in the study. Quantitative research method is based on collection of factual data which is measured and quantified. It answers research questions from the viewpoint of the researcher. It involves a considerable amount of statistical analysis by using survey questionnaires, observation and experiment as a method for collecting data. On the other hand, qualitative research method aims to generate insights into situations and behavior so that the meaning of what is happening can be understood. It emphasizes the interpretation of behavior from participant's point of view. It is based on evidence that may not be easily reduced to numbers. It makes use of interviews, case studies and observation. Hence, quantitative research method measures and predicts, whereas qualitative research method describes and understands (Armstrong, 2010 pp.392). For this study both quantitative and qualitative research methods (mixed-mode methods) are applied. The

quantitative approach is used to provide absolute values during the research by using survey questionnaires to collect the numerical or measurable data. On the other hand, qualitative method is equally accompanied as it possibly answers questions of why, how and in what way by using interview questions.

3.2 Population and Sampling Techniques

The target population was employees of CBE who are also members of the union. CBE have more than 1000 branches and more than 22,000 employees, among this 20,283 are members of the union. The sample includes the four districts; North Addis, South Addis, East Addis and West Addis. These districts are selected due to their accessibility. 6689 members are found in the four districts. Grade four branches that are found in these four districts was included in the sample. Grade four branches are selected because more employees are found than other branches and so also help the researcher to see in deep the employment relation and also more conflict can be addressed.

In sample determination the researcher adapt Naresh sample determination: marketing research in applied approach, 2007. Among the 6689 members 315 was the sample by taking the highest.

Table 3.1 Sample Size Determination

Population Size	Sample Size		
	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1,200	32	80	125
1,201-3,200	50	125	200
3,201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-150,000	200	500	800

Table 1. Sample Size Determination, Source; (Naresh Sample Determination, Marketing Research; an applied approach, 2007)

3.3.2. Sampling Techniques

Simple random sampling and purposive sampling were sampling techniques for this study. Simple random sampling is applied to take sample from union members i.e. appropriate equal chance was given for the respondents to be included in the sample. Union officials and members of the management were selected purposely in order to convey relevant information from appropriate officials. Hence, 315 union members at the four districts selected randomly, and the union leader from union officials and one HR officer from the management selected purposely as a sample. Union leaders and the HR officer are considered as important information sources since they have deep information on the subject matter and they are involved on the day-to-day employment relations.

3.3 Types of Data and Instrument of Data Collection

Data were collected from two sources; primary and secondary sources. Primary data “are those which are collected afresh and for the first time, and thus happen to be original in character”. Secondary data, on the other hand, “are those which have already been collected by someone else and which have already been passed through the statistical process” (Kothari, 2004:95). The researcher use both primary and secondary data source. The primary data was acquired by using questionnaires and interview. Questioners were distributed to members of the union and interviews were conducted for the human resource officer and to officials of the union. The survey questionnaire was used to collect data systematically by obtaining answers on key issues and opinions that need to be explored in the study. The questionnaire included both open-ended and close-ended questions. On the other hand, an in-depth interview was used to acquire qualitative data from individuals who have firsthand knowledge. In collecting secondary data Ethiopian Labor Proclamation No 377/2003 was used as the primary source of the legal framework the company’s written documents, magazines, the collective agreements and brochures are included. Other books that are related to the title were used.

3.4 Procedures of Data Collection

The data was collected through questionnaires, interviews and document analysis. As the majority of the respondents speak and write English the questionnaires were prepared in English. Pilot questionnaires were distributed for 10 employees in order to avoid errors related to language and ideas to enrich the framed items. As a result of the feedback from workers and the pilot test, correction was made on the questions in the questionnaires. A total of 315 questionnaires were distributed. From this 15 were faulty and unreturned, so the total questionnaires were 300. In-depth interviews were conducted with the president of the union and the HRM officer. The quantitative data was analyzed using SPSS.

3.5 Method of Data Analysis

According to Oliver (1997), research is always seen as a series of overlapping activities which often proceed simultaneously. This view applies very much to the process of data collection and analysis. In this study, the data gathered through questionnaire were analyzed and summarized by using descriptive statistics such as tables, frequency distributions, percentages and graphs. The qualitative and the summarized quantitative data was also analyzed in brief according to the theoretical frame work of the study in order to arrive at meaningful conclusion. The statistics package for social science (SPSS) was used in the analysis of the survey.

3.6 Ethical Consideration

For Respondents detail explanation was provided about the overall objective of the study ahead of time. Participation in this research work was based on their free-will. Respondents were informed that, they can decline if they do not want to be participants without any unfavorable consequences. In addition, the survey questionnaires provided to respondents included information on confidentiality and anonymity. Before each interview aspects of confidentiality as well as the purpose of the study was communicated to respondents.

3.7 Reliability and Validity

A sound measurement tool must meet the tests of validity and reliability. In fact, these are the two major considerations one should use in evaluating a measurement tool. Validity refers to the extent to which a test measures what we actually wish to measure. It is the most critical criterion

and indicates the degree to which an instrument measures what it is supposed to measure. In other words, validity is the extent to which results of a research provide a true picture of what is being studied. If research is said to be valid, this means that it is really measuring what it is intended to measure and gives an accurate insight into the research area (Kothari, 2004:73-74). The test of reliability is another important test of sound measurement. Reliability is the degree to which the measure of a construct is consistent or dependable. It is concerned with the ability of an instrument to measure consistently and the accuracy and precision of a measurement tool. Asking only those questions that respondents may know the answer or issues that they care about, avoiding ambiguous items in measures and simplifying the wording in measures can improve the reliability of measurement tools (Bhattacharjee, 2012:57).

This study applied appropriate mechanisms to determine the reliability and validity of measurement tools. The research questionnaire was developed in *English* language and distributed by the same language since the bank working language is *English*. In addition, individuals who are knowledgeable on the subject area were consulted to determine whether the measurement will be able to test what it is supposed to test in order to ascertain the validity of this research measurement tool. Reliability of the research was also proven, by pre-testing the questionnaire before actually administering it. It was conducted in order to make sure that participants would have no problems in understanding and answering questions. This is also to ascertain whether questions are capable or not to elicit the appropriate information.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS OF FINDINGS

This chapter briefly discusses and presents the results obtained from the data collected in this study.

4.1. Introduction

As stated on the research methodology part, a survey questionnaire and an in-depth interview were used as primary data collection methods to assess the practical role of labor union on employment relations in CBE. Hence, 315 questionnaires were distributed to randomly selected union members at CBE different branches; the response rate was 95.2%. So the data is organized and presented based on 300 questioners. The data collected from members of the union through questionnaire is presented by using tables followed by analysis and interpretation. The attitude of the employees towards the role of the labor union and their attitude towards the current employment relations climate in their organization are analyzed by giving interpretations based on responses frequency and percentage. A mean scale is also used in order to measure central tendency of responses. The mean scale has a minimum value of 1 and a maximum value of 5, where 1 represents “Strongly Agree” and 5 represents “Strongly Disagree”.

In addition to the survey questionnaire, in-depth interviews were conducted with the Human resource officer from the management side and with one union representative and with the president of the labor union from the union side. The data obtained from both sides is elaborated since both sources are important.

4.2 Demographic Characteristics of Survey Respondents

The first part of the questionnaire focused on demographic information on which respondents were asked about their age, gender, educational status, year of service in CBE and membership period in the union. As presented below

Characteristics	Frequency	Percentage	Cumulative percent
Gender			
Male	156	52.0	52.0
Female	144	48.0	100.0
Total	300	100.0	
Age			
21-30	240	80.0	80.0
31-40	46	15.3	95.3
41- 50	12	4.0	99.3
51-60	2	.7	100.0
Total	300	100.0	
Educational status			
Second Degree	20	6.7	6.7
First Degree	264	88.0	94.7
College Diploma	14	4.7	99.3
12 grade complete	2	.7	100.0
Total	300	100.0	
Year of Service in the bank			
1 year or less	70	23.3	23.3
2 years to 5 years	186	62.0	85.3
6 years to 10 years	36	12.0	97.3
over 10 years	8	2.7	100.0
Total	300	100.0	
Membership period in the Union			
1 year or less	94	31.3	31.3
2 years to 5 years	170	56.7	88.0
6 years to 10 years	28	9.3	97.3
over 10 years	8	2.7	100.0
Total	300	100.0	

Table 2 Demographic Characteristics of Respondents, Source: Own Survey Data, 2016

As described on the above table 156 (52%) are male and 144 (48%) are females. Out of total 300 respondents 240 (80%) of them are between the age of 21-30, 46 (15.3%) of them are between the age of 31-40, 12 (4%) are in the age group of 41-50 and 7 of them are 51-60. Regarding respondents educational status 20 (6.7%) are second degree holder, 264 (88%) are first degree holders, 12 (4.7%) college diploma holders, and 2(0.7%) are 12 complete.

The above table also describe the service year of the respondents. Among the total survey respondents 70 (23.3%) worked for less than a year, 186 (62%) of the respondents worked for the

bank between 2-5 years, 36 (12%) of the respondents have worked for 6 to 10 years, 8 (2.7%) of the respondents have more than 10 years' experience in the bank. With regard to membership period of the union 94 (31.3%) of the union have been member in the union for a year or less, 170 (56.7%) have been member of the union for 2 to 5 years, 28 (9.3%) of the respondents have members of the union for 6 to 10 years, and 8 (2.7%) of the respondents have been member of the union over 10 years.

4.3 Attitude of the employees towards the role of the labor union in maintaining their interests and rights in CBE.

The above below indicates the attitude of the employees towards the union's full discretion in carrying out its activities in the organization; from the total respondents 30 (10%) strongly agree, 194(64.7%) of the respondents agree, 38 (12.7%) choose indifferent, 28 (9.3%) disagree and 10 (3.3%) of the respondents disagree strongly. The mean distribution is 2.3 which is closer to agree. This shows that union has full discretion in carrying out its activities in the organization. Regarding to the question the union is strong in ensuring the interest and right of employees 28 (9.3%) of the respondents strongly agree, 168 (56%) do agree, 60 (20%) chose indifferent, 32(10.7%) of the respondents disagree and 12 (4%) of the respondents strongly disagree. The mean distribution is 2.4 which is closer to agree. This implies thatthe employees feel that the union is participating actively in insuring their interests and rights.

Attitude of the employees towards the role of the labor union in maintaining their interests and rights.		1	2	3	4	5	Total	Mean Scale
		Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree		
The union has full discretion in carrying out its activities in the organization.	Fre	30	194	38	28	10	300	2.3
	%	10	64.7	12.7	9.3	3.3	100	
The union is strong in ensuring the interest and right of employees.	Fre	28	168	60	32	12	300	2.4
	%	9.3	56	20	10.7	4	100	
There is a match between practices of the union and interests and needs of employees.	Fer	22	154	72	42	10	300	2.5
	%	7.3	51.3	24	14	3.3	100	
The union is effective in handling grievance and complaint of workers.	Fer	22	152	68	52	8	300	2.4
	%	7.3	50.7	22.7	17.3	2	100	
The union is playing a vital role in supporting both employees and the management to know clearly what their right and responsibility is and in allowing better communication between employees and management.	Fer	40	134	82	32	12	300	2.5
	%	13.3	44.7	27.3	10.7	4	100	
The union has significant role in facilitating employees' participation in the organization decision making process (employee empowerment)	Fer	32	132	80	46	10	300	2.5
	%	10.7	44	26.7	15.3	3.3	100	
The union is successful in carrying out its duties and responsibilities and at the same time in promoting sound employment relation.	Fer	28	146	80	36	10	300	2.5
	%	9.3	48.7	26.7	12	3.3	100	
The union is strong in bargaining, negotiating, and convincing the management towards offering better terms and conditions of employment	Fer	40	142	68	38	12	300	2.4
	%	13.3	47.3	22.7	12.7	4	100	

Table 3. The Attitude Of The Employees Towards The Role Of The Labor Union

Respondents were asked if there is a match between practices of the union and interests and needs of employees. From the total of 300 respondents 22 (7.3%) of the respondents strongly agree, 154 (51.3%) agree, 72 (24%) indifferent, 42 (14%) disagree and 10 (3.3) strongly disagree on the issue. The mean distribution is 2.5 it is closer to agree. This implies that the union is doing what the members are expecting in ensuring their needs. In relation to this the President of the Union was asked regarding the strengths and weaknesses of the union. The labor union of CBE have well organized pre-establish rules and procedures, the labor union have a good team spirit, the union is financially strong, there is a formal communication truck with the district representatives and general council members of the union, the union is audited by external audit every two years and there are internal audit commission members to audit the executive team weekly. Within the past year more than 18 employees were dismissed from their job due to ethical problems, the labor union of CBE in collaboration with the management help those employees to get their job back.

The effectiveness of the union in grievance handling and compliant of workers 22 (7.3) strongly agree, 152 (50.7%) agree, 68 (22.7%) indifferent, 52 (17.3%) disagree and 8 (2%) strongly disagree. The mean distribution is 2.4 this is closer to agree this implies that the union is playing a good role in resolving grievance and compliant. Regarding the union role in supporting both employees and the management to know clearly what their right and responsibility is and in allowing better communication between employees and management for this 40 (13.3%) strongly agree, 134 (44.7%) agree, 82 (27%) indifferent 32 (10.7%) disagree and 12 (4%) strongly disagree. The mean distribution is 2.5 closer to agree, this implies that the union is playing a vital role in allowing better communication between employees and management. Regarding this from the interview the researcher analyze that there is no schedule meeting between the union and employees. Some members of the union did not know what the labor does exactly. The union fails to inform members their responsibilities, rights and activates and the progress of the union. There is a written collective agreement but most of the employees don't have one. The union not having a regular meeting with employees creates an environment which employees can't communicate with their union and demand their rights.

Both the HRM officer and president of the union were asked the union contribution in allowing better communication between the employees and the management. From the HRM side if

complaint is raised there is a way that the management tries to resolve the problem before it go to the union. If an employee have a complaint he/she can report directly to the district HRM management if it is not resolved he/she can go further and report the situation to the head office, but sometimes complaints may go directly to the labor union if this the situation both the management and the union resolve the problem together by following the collective agreement and the labor law, the representative of the union will try to solve complains with the management by keeping the best interest of both the management and the employee. If the complaint is not resolved by this or if the employee is not satisfied with the result then he/she will go to the head office HRM and present his/her complain to the compliance committee and the union will stand by the employee side in the whole processes. As observed many complaints are related to promotion. The collective agreement in article 17 state that all employees have equal chance of competing when there is a vacant position, based on their education background and experience. A written or oral exam, or both will be give the candidates if two employees get the same result if one is a women the position will be given to her. But the employees complain that there is partiality, representatives of employees participate in the process of promotion but they don't seem to change the situation.

The union has significant role in facilitating employees' participation in the organization decision making process (**employee empowerment**) this was forwarded to the respondents 32 (10.7%) strongly agree, 132 (44%) agree, 80 (26.7%) are indifferent, 46 (15.3%) disagree and 10 (3.3%) strongly disagree. The mean distribution is 2.5 this implies that the union is playing significant role in employee empowerment. From the qualitative data gathered it implies that the union representatives say they are trying to facilitate the participation of employees in the decision making process of the organization, but it has not been easy to create this environment. The management takes action on matters and then the union is informed after the matter take place. This makes things difficult to the union in empowering employees. The union is successful in carrying out its duties and responsibilities and at the same time in promoting sound employment relation; 28 (9.3%) strongly agree, 146 (48.7%) agree, 80 (26.7%) are indifferent, 36 (12%) of the respondents disagree and 10 (3.3%) strongly disagree. The mean distribution is 2.5 closer to the value of agree this implies the union is promoting sound employment relation. The data from the qualitative source reveals that there are some representatives that are free

riders, some do not face the management as they should which lead to imbalance of power the management will quash the employees. Some of the representatives don't have a strong stand for the goals of the union instead they are siding with the management to gain personal favors.

In regarding to the strength of the union in bargaining, negotiating, and convincing the management towards offering better terms and conditions of employment 40 (13.3%) strongly agree, 142 (47.3%) agree, 68 (22.7%) are indifferent, 38 (12.7%) disagree and 12 (4%) of the respondents strongly disagree. The mean distribution is 2.4 closer to agree. This implies that the labor union in commercial bank of Ethiopia is in offering better terms and condition of the employees. From the qualitative data as discussed with the president of the union on the strength of the union in offering the employees better terms and conditions; dealing with the management is not an easy task since the management main concern is profitability of the company where as the union is concerned in creating better and sound working environment. This creates conflict of interest between the two. In the collective agreement article 42 it clearly state that the collective agreement will work for three years and it will be renewed. The 11th collective agreement is approved on March 2010. Since then the bank make some adjustments on the working conditions, the implementation of BSC is one of the changes in order to keep up with the changes in polices a new HRM strategy has been developed. There is a gap between the existing collective agreement and the new HRM strategy. The HRM system that the bank establishes is compressive HRD strategy. That enable employees to fill skill gaps large technical and developmental training programs are developed, succession planning and carrier management systems are developed and also performance management system (PMS) has developed and implanted. So every employee is treated according to their performance. A new collective agreement has been developed, but for the past two years the management and the union didn't get to agreement and they are using the 11th collective agreement. The main reason is that on the additional working hour the bank wants to include without over time payment

4.4 Attitude of employees towards the current employment relations climate in their organization.

Table 4 the role of the labor union in maintaining interests and rights of employees

Attitude of employees towards the current employment relations climate in their organization.		1	2	3	4	5	Total	Mean Scale
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree		
The management has positive thinking towards labor union and or organized movement of employees.	Fre	26	160	64	34	16	300	2.5
	%	8.7	53.3	21.3	11.3	5.3	100	
The representatives of the employees for the union are elected in free and fair manner.	Fre	40	148	78	22	12	300	2.3
	%	13.3	49.3	26	7.3	4.0	100	
There is mutual understanding, trust and cooperation between union and the management.	Fre	28	128	104	26	14	300	2.5
	%	9.3	42.7	34.7	8.7	4.7	100	
The management is usually willing to deal with the union to solve any problems related to employees	Fre	34	126	92	36	12	300	2.5
	%	11.3	42.0	30.7	12.0	4.0	100	
It would be difficult to maintain sound employment relations between employees and the management in absence of the union.	Fre	50	148	68	20	10	300	2.3
	%	16.7	43.9	22.7	6.7	3.3	100	

This part of the questioner is used to assess the attitude of the employees towards the current employment relations climate in their organization. 26 (8.7%) of the respondents strongly agree that the management have positive thinking towards the labor union, 160 (53.3%), 64 (21.3%) agree, 64 (21.3%) of the respondents are indifferent, 32 (11.3%) disagree and 16 (5.3%) strongly disagree. The mean distribution is 2.5 that is closer to the value of agree 2, for this it can be say

that the management have a positive thinking towards the movement of the labor union. To assess how fairly the representatives of the union are elected this was included in the questioner the representatives of the employees for the union are elected in free and fair manner;40 (13.3%)of the respondents strongly agree, 148 (49.3%) agree, 78 (26%) of the respondents indifferent, 22 (7.3%) disagree and 12 (4%) of the respondents strongly disagree. The mean distribution is 2.3 the result is closer to the value of agree and this implies that there is a fair election of representatives at CBE labor union.

In relation to this the HRM officer the management of the Bank provide support that the union requires, for example union officials attended meetings that are held every quarter the management facilitate the union official join the meeting and give them a chance to have a say in the decisions making process. The management provides office and furniture that the union officials can use. Some of these requirements are stated clearly in the collective agreement in Article 6. President of the union also agree on the support of the management, but many need of the employees would be meet if the management hear to the voice of employees.

The President of the union underline the election of leaders and representatives of the union are done in a fair manner. To elect leader of the union it is by the supreme council of the union and officials of the bank. Representatives of the union are selected in the departments or branches. They are elected by the employees' selection. Representatives of branches are elected every two years but the union to fail to do so, some union representatives have been working for more than two years.

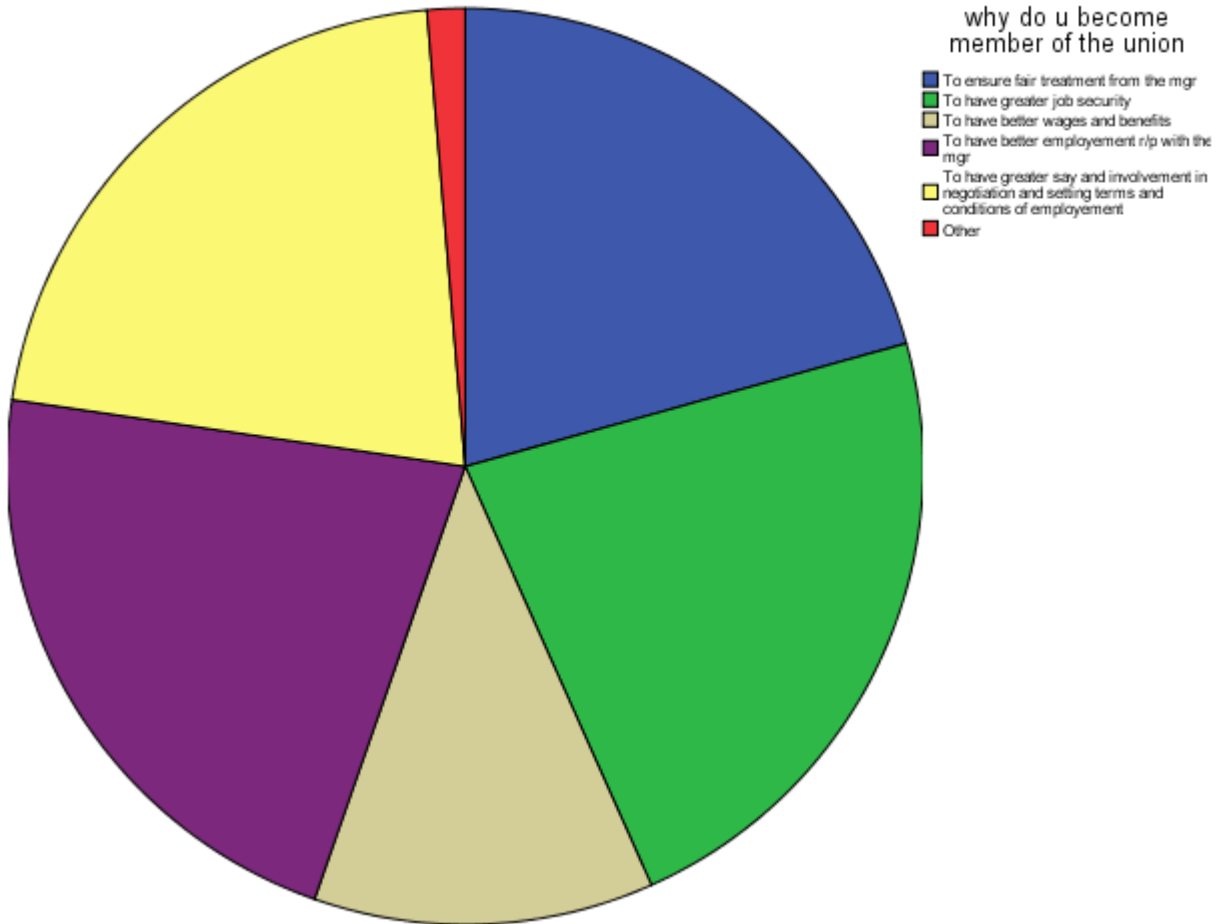
In regarding to the contribution of the labor union for mutual understanding, trust and cooperation between employees and management; 28 (9.3%) of the respondents strongly agree, 128 (42.7%) of the respondents agree, 104 (34.7%) of the respondents are indifferent, 26 (8.7%) of the respondents disagree and 14 (4.7%) strongly disagree. The mean distribution is 2.5 which is closer to 2 the value of agree this implies that the union is contributing to the common understanding between the employees and the management. In addition the respondents were asked if the management was helpful in helping the union in solving problems related to the employees; 34 (11.3%) of the respondents strongly agree, 126 (42%) of the respondents agree, 92 (30.7%) of the respondents are indifferent, 36 (12%) of the respondents disagree, and 12 (4%)

of the respondents strongly disagree. Majority of the respondents agree to this. The mean distribution is 2.5 which is closer to agree, this implies that the management is helpful in resolving problems that are related to employees.

From the qualitative data gather both the HRM officer agrees the collective agreement is the one that build the common understanding. Without a common understanding working together is impossible. The HRM officer agrees that the management is helpful in regarding to employees' problem the HRM is always ready to making the working environment smooth. The HRM helps on any problem encountered in relate to the employee based on the collective agreement and HR strategy. President of the union also agree that in cooperate with the management they resolve many sensitive cases.

The above table also describes would it be difficult to maintain sound employment relations between employees and the management in absence of the union; 50 (16.7%) of the respondents strongly agree, 148 (43.9%) agree, 68 (22.7%) of the respondents are indifferent, 20 (6.7%) of the respondent disagree and the remaining 10 (3.3%) of the respondents strongly disagree. The mean distribution is 2.3 which is closer to the value of agree, this implies that majority of the respondents agree that the labor union is maintaining sound employment relation. `Related to this the respondents were asked that the existence of the union allows better communication between employees and management; 54 (18%) of the respondents strongly agree 132 (44%) of respondents disagree and 8 (2.7%)of the respondents strongly disagree. The mean distribution is closer to 2 which is the value of agree, this implies that the existence of the labor union is important for the employees. According to the HRM officer the existence of the labor union is important for the comfort of the employees. The union is an establishment that gives priority toits members. And when there is a disagreement between the management and the employee the union plays a role of negotiation that enable both parties to come to a common ground.

4.5 Reasons of members for joining the union



The respondents were asked why they join the union. 62 (20.7%) joined the union to get fair treatment from the management, 68 (22.7%) join the union to make sure that they have the greater job security, 36 (12%) of the respondents join the union to have better wage and benefits, 66 (22%) of the respondents join the union to get better employment relation and 64 (21.3%) join the union to have greater say and involvement in negotiation and setting terms and conditions of employment. The above graph show that majority of the respondents join the union to have job security, to have involvement in the negotiation and setting terms, to get fair treatment and small employees join the to get better salary.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter comprises three sections which include summary of the findings, conclusions and recommendations.

5.1 Summary and Conclusions

Labor unions are expected to play a vital role is not only in promoting the interest and the rights of its member employees but also in safeguarding and maintaining the success of the organization which they are working with. Labor unions are one of the primary actors in ensuring socio-economic development of any nation as they represent the most important asset in the organization i.e. the labor capital. CBE have a comprehensive HRM system, where employer-employee relations agenda are explicitly set to employees, the human resource manual is prepared base on the labor law of the country, HRM of CBE mange the day to day activates of employees based on the HRM manual and the collective agreement. The labor union of CBE has a well-developed collective agreement that is used to maintain the right and the interests of employees. Almost every department and branches have a labor union representative. The union of the bank plays a great role in keeping job security of the employees. Both the management and the union use the collective agreement that have not been amended.

The findings of the research show that management of the organization and the union is working together in collaboration. The organization facilitates the necessary equipment, the union officials have a place in every quarter meeting, there is a compliance committee it contains both the management of the organization and the union. The management and the union are working in a common understanding of their needs. The union informs the bank all information regard to employment; to communicate to the employees first the union facilitates all the necessary procedures that are stated in the collective agreement.

In some situation the management left out the union from the decision. In some branches employees are pushed to work more than their working hours with no overtime payment, the union representatives seems to neglect the situation. This allows the management to have more control on employees than they should. On the collective agreement working hours of employees presented inbrief but the management is violating their rights.

In regarded to communication between the employees and the union there is no formal or regular meeting. Most of the employees don't have the collective agreement on hand. In an environment where there is no regular meeting or formal truck of communication it is impossible for the employees to demand their rights. The union also will not know the current demand of employees, or if they have been treated unfairly from the management. Unions who have a strong relation with employees is more powerful in influencing the management and which will ultimately results in benefits for the workers. In relation to employee empowerment; the strategic decisions are made at the top level management however employees of the bank are not participant in the implementation of this strategies, in some branches and departments the management involve the employees in decisions but in the overall the union does not act actively in empowering employees.

The members expect mainly four things from the labor union. Job security, greater say and involvement in negotiation and setting terms and conditions of employment, fair treatment form the management and better employment relation. Unionism has significant impact on job security of employees. Most employees expect the union to protect them from unnecessary dismissal from the organization. The labor union of CBE is strong in giving job security to the employees; the union helps many employees to get back their job after dismissal. Members of the union presume the union to negotiate on their behalf for better terms and condition of employment. Findings of the research indicate that employees of the CBE have a strong feeling that by joining the labor union they can have a better say and involvement in the overall employment relation. The labor union of CBE is actively engaged in carrying out responsibility in the organization. On the other hand there are representatives in some branches who did not do what is expected from them. Instead they team up with the management to get personal favors. Union representatives are supposed to represent the union only for two year, but some have been

working far more than that. These lead representatives to be washed out through time and it create free riders.

Form the finding of the data the research reveals that some degree of difference between the interest of management and employees' and their union in CBE. This is because of the management and the union interest difference; both of them have a different even some times competing ideas and interests. Even though they work together based on the collective agreement in order to have a mutual understanding, trust and corporation some rules of the collective agreement have been violated. In article 17 of the collective agreement it clearly state how promotion is executed but it has not been implemented accordingly. Even though the union has conduct the process of the promotion there is a biased situation. There is partiality from the management; the management promotes individuals who have less qualification than the other candidates.

The study shows that labor union is important for the organization. The existence of the union enables employees to have better employment relation with the management. The union influences the employment relation of the bank. The union officials are committed and experienced. The union has a well structure. Without the existence of the labor union it would be difficult to set a better terms and condition of employment. It would be difficult to expect sound and stable work environment. The management will exercise their power with no one to stop them since unity is power. Employees of the bank agree that the existence of the labor union is very important for the employment relation.

5.2 Recommendations

Looking at the major findings of the study the researcher draws some recommendation for both the management of CBE and for the labor union.

- Since the management and the union have to work together for the common goal of the Bank, the management must include the union in decisions that are related the employment relations. In branches where management forces the employee to work more than their working hours, the union should protect the rights of the employees. The union and the management have to work together for better working environment.

- The union has to create awareness to the employees about their rights and responsibilities. Employees should have the copy of the collective agreement, there must be a formal and periodical way of communication between the union and the employees, so that employees can discuss on changes that are occurring in the working environment and also the union has to bargain with the management to empower employees. Here the management also has to create open system that enables employees to participate on decision making process.
- The union has to take action on those representatives that do not carry out their responsibilities. As of the collective agreement a representative have to work for only two years those who exceed the limit have to be replaced by new one. Injection of new blood will expose the union for new ideas; by changing the representatives timely the union can avoid free riders and those who are corporate with the management for personal favor.
- Both the management and the union have to give emphasis to employees' promotion. Gaps in this regard discourage job performance. The union has to work hard to avoid partiality. Employees have to be treated based on their performance. As of the collective agreement the management have to give equal chance based on their educational background, experience and other evaluation methods that are clearly stated on the collective agreement. The union has to follow the promotion process and make a corrective action when employees are treated unfairly. The HRM have to be impartial in the promotion of employees.
- The 11th collective agreement has to be replaced by a new one. Replacing the collective agreement with a new one will help fill the gaps that are created because of new HRM strategy and the implementation of BSC. Both the union and the management must discuss on the issues that they did reach on an agreement. As of the country's labor law a given employees is obligated to work 8 hours per day, but the bank wants to increase extra 1 hour per day without over time payment. This violates the country labor law, if the bank wants to add extra one hour over time is a must.

References

- A. Mello Jeffrey, 2006, Strategic Human Resource Management, 2nd edition, pp. 527-539.
- Aimala. M, Astrom J, RautiainenH&Nyysola M., 2005, Finnish Labor Law in Practice, 2nd Ed. WSOYpro, Helsinki.
- Anol Bhattacharjee , 2012, Social science research principles methods and practices, 2nd edition, pp. 39, 57, 113-117.
- Armstrong Michael, 2006, A Handbook of Human Resource Management Practice, 10th edition, London UK. pp. 215, 752-794.
- Armstrong Michael, 2008, Strategic Human Resource Management: A Guide to Action, 4th edition, pp. 5, 193-200.
- Armstrong Michael, 2009, Armstrong's Handbook of Human Resource Management Practice, 11th edition, pp. 249-276, 875-949.
- Armstrong Michael, 2010, Essential Human Resource Management Practice, A Guide to People Management, pp. 293-392.
- Assefa Besufekad, 2003, labor union country report
- Bryson Alex and Forth John, 2010, Union Organization and the Quality of Employment Relations, National Institute of Economic and Social Research, report to the trade unions congress, pp. 1-69.
- Budd, John W., 2005, September 4, The effect of unions on employee benefits and non-wage compensation: Monopoly Power, collective voice, and facilitation.
- C.A. Azucena, 1999, The Labor Code with comments and cases. Manila Red book store, Vols I and II.

- Constitution of the Federal Democratic Republic of Ethiopia, Article 30, 31, 42(1) (a &b).
- Derek Torrington, Laura Hall and Stephen Taylor, 2008, Human resource management pp 515.
- Farbar, H.S., 2001, Notes on the Economics of Labor Unions, Princeton University Industrial Relations Section Working Paper # 452, pp. 1-24.
- Federal NegaritGazeta of the Federal Democratic Republic of Ethiopia, February 26, 2004.
- Labor Proclamation, No 377/2003, Articles 113 (1)(2), 114, 118 (1), 128 & 129.
- Grattet, P., 1995 July, Putting Collective Back Into Bargaining.Public Management.4-7.
- John Stredwick, 2005, An introduction to human resource management, pp. 241-251
- Kothari C.R (2004). Research Methodology methods and techniques, 2nd edition, pp. 30-95.
- M. ivanevichJhon, 2004, Human resources management
- MalhotraNaresh, 2007, Marketing Research: an applied approach, Butterworth Heinemann; Oxford, England.
- Martin Malcolm and Jackson Tricia, 2002, Personnel Practice, 3rd edition, chartered institute of personnel and development, pp. 201-220.
- M. Akteruzzaman, 2006, Issues and Challenges for Trade Union Movement,The Social Sciences, 29(2), pp. 163-174.
- P. Ghosh&Geetika, 2007, Unionization: A feasibility study for the Indian software industry. Russian Management Journal, No. 2, pp. 45–56.
- Rao, P. S., 2010, Human Resource Management (Text and Cases).1st Ed. Himalaya Publishing House Pvt. Ltd, Mumbai, India
- Victoria University of Wellington, 2010,Career View, Career Development and Employment; issue no 54, pp. 1-8.

S. Kessler and R. Undy, 1996, The new employment relationship: Examining the psychological contract, Institute of Personnel and Development, London.

Stiftung Ebert Friedrich, 2003, Addis Ababa Ethiopia trade union country report, pp. 4-31.

W. R Griffin, 2006, Management, New York: Houghton Mifflin Company, 8thEd.

APPENDIX

ST.MARY UNIVERSITY SCHOOL OF GRADUATE STUDIES

MASTERS IN GENERAL BUSINESS ADMINISTRATION

Questionnaire to filled by Employees of CBE on Assessing the

Role of Labor Union.

This questionnaire is designed to gather the attitude of employees on the role of labor union in the process of ascertaining their rights and interest and in ensuring sound employment relation and their attitude towards the current employment relation in Commercial Bank of Ethiopia (CBE). Therefore, I kindly request you to take some time and to fill out this questionnaire survey. I would like to assure you that your information will be used only for this research purpose and it will be kept strictly confidential. Please try to give valid and reliable information, every response is really important. Thank you in advance for your cooperation.

Instruction

- Do not write your name.
- Close-ended questions are answered by placing (√) mark within the box.
- Open-ended questions are answered by writing on the space provided.

Thank you

Mahlet Solomon

Tel. +251912188084

Email: mahletsolomon356@yahoo.com

Part I Demographic Profile of Respondents

1. Gender

Male Female

2. In which age group are you in?

15 to 20 41 to 50
 21 to 30 51 to 60
 31 to 40

3. What is your highest and recent educational status?

Third degree (PhD) Certificate
 Second degree MA/MS 12 grade complete
 First degree Below grade 12
 College diploma

4. Year of service in CBE?

1 year or less
 2 years to 5 years
 6 years to 10 years
 Over 10 years

5. How long have you been member of the labor union?

1 year or less
 2 years to 5 years
 6 years to 10 years
 Over 10 years

P A R T I I Attitude of the employees towards the role of the lab	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
6. The union has full discretion in carrying out its activities in the organizati					
7. The union is strong in ensuring the interest and right of employee					
8. There is a match between practices of the union and interests and needs of employe					
9. The union is effective in handling grievance and complaint of worke					
10. The union is playing a vital role in supporting both employees and the management to know clearly what their right and responsibility is and in allowing better communication between employees and management					
11. The union has significant role in facilitating employees' participation in the organization decision making process (employee empowerm					
12. The union is successful in carrying out its duties and responsibilities and at the same time in promoting sound employment relati					
13. The union is strong in bargaining, negotiating, and convincing the management towards offering better terms and conditions of emplo					

P A R T I I I Attitude of employees towards the current employe	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
14. The management has positive thinking towards labor union and or organized movement of employe					
15. The representatives of the employees for the union are elected in free and fair mann					
16. There is mutual understanding, trust and cooperation between union and the managem					
17. The management is usually willing to deal with the union to solve any problems related to employ					
18. It would be difficult to maintain sound employment relations between employees and the management in absence of the u					
19. The existence of the union allows better communication between employees and managem					

20. Why do you become member of the union?

- To ensure fair treatment from the management
- To have greater job security
- To have better wages and benefits
- To have better employment relations with the management
- To have greater say and involvement in negotiation and setting terms and conditions of employment

21. Have you encountered any problem from the management side for being member of the union?

22. What should be done to improve the employment relation both by the management, employees and their union?

Guiding questions used during interview with union officials

1. Does the labor union have the necessary structure and organization that enables it to perform its duties?
2. What was the process of the election of the union representatives? And what was the role of the management in the election processes?
3. What is the role of the union in ensuring employees participation in decision making process?
4. How do you describe the strength of the union in bargaining and negotiating with the management towards offering better terms and conditions of employment?
5. Does the union meet regularly with the employees? What about the management?
6. How do you describe the relation of the union with the management and employees and the degree of support provided from the management to the union?
7. Do you think the management has positive thinking towards labor union or organized movement of employees? If not, why?
8. In what way employees are consulted and involved in union activities?
9. What is the role of the union in grievance and work related conflict resolution?
10. How do you explain the current status of the union? What are the major weaknesses and strengths of the union?
11. What do you suggest to further improve the employment relations climate of the authority in the future?

Guiding questions used during interview with the human resource officer

1. Does the organization have comprehensive HRM system, where employer-employee relations agenda are explicitly set to employees?
2. What kind of support does the management provide to the union upon request or in its own initiation?
3. To what extent, both the union and management are acting in accordance with the collective agreement?
4. Does the management allow employees and the union to participate in different decision making areas?
5. Does the organization have grievance handling and conflict resolution mechanisms? If yes what is the role of the union in this regard?
6. How do you resolve any disagreements between the management and the union?
7. How do you explain the overall employment relations climate in the bank?
8. Do you think the existence of the labor union helps for the maintenance of sound employment relations?
9. What do you suggest to further improve the employment relation in the bank?