

# Factors Affecting Collective Bargaining Processes in Kenya's State Corporations – The Case of Postal Corporation of Kenya

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**Abstract:** *There has been a marked change in the level of activities of state corporations and trade. High levels of unrest have been observed in state corporations in Kenya thus the study sought to establish the factors affecting CB in state corporations focusing on PCK which has presence all over the country, has experienced a number of unrests and was not performing well. The study adopted descriptive survey since it sought to ascertain respondent's perceptions and experiences on collective bargaining in a structured manner. Data for the survey was collected from all respondents using questionnaires from 190 workers from Nairobi County postal offices; gender was stratified into male and female then simple random sampling was used to ensure proportionate representation from each of the two strata. The findings show that management does not offer suitable environment for employees to present their grievances or benefit from their union. The management does not honour agreements reached during collective bargaining process and when court orders are issued, it does not obey them. Interacting with unions and freely presenting grievances improves the employees interest in the company, makes them feel motivated and eventually the organization's performance is greatly improved.*

**Keywords:** Collective Bargaining Agreement, Management Style, Tripartism, Corporatism

## 1. Introduction

The right to collectively bargain is recognized both locally, through the Labour Relations Act (2007) and the Kenya Constitution (2010), and internationally through international human rights conventions. Blyton, Bacon, Fiorito & Heery (2008) define collective bargaining as a social process that continually turns disagreements into agreements in an orderly fashion and adds that it is the establishment by negotiation and discussion of agreement on matters of mutual concern to employers and unions covering the employment relationship and terms and conditions of employment. Armstrong (2009) notes that collective bargaining 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. Nzuve (2010) adds to this by stating that the process is termed collective because issues relating to terms and conditions of employment are solved by representatives of employees and employer in groups rather than as individuals. According to Bronwyn (2010), the process of collective bargaining is bipartite in nature involving negotiations between employers and the employees, usually, without a third party's intervention. A trade union(s) may negotiate with a single employer typically representing a company's shareholders or with a federation of businesses to reach an industry-wide agreement (Carrell & Heavrin, 2012). Bronwyn (2010) writes that CB enables working people who are union members to negotiate with their employers to determine their terms of employment including; pay, work hours, leave, health and safety policies, ways to balance work and family, and much more.

According to Bronwyn (2010), the roots of collective bargaining lie in the late 19th century when workers began to agitate for more rights in their places of employment with many skilled trades using their skills as bargaining weapons to force their employers to meet their workplace needs or

creating general strikes to protest poor working conditions. Nzuve (2007) notes that several labour pioneers started to establish a CB system so that labour negotiations could run more smoothly. Armstrong (2006) points out that, in general, experienced people from the union assist the employees with putting together a draft of a contract and help them present their desires to the company. The eventual agreement reflects the combined desires of the employees, along with limitations that the employer wishes to see in place, although, in some cases the union or the employer may resort to antagonistic tactics to push the agreement through (Torrington, Hall & Taylor, 2007).

### State Corporations

Crouch & Streeck (2006) corporatism refers to a political or economic system whereby power is given to civic assemblies representing economic, industrial, socio-cultural and professional groups. According to Ochieng (2006), state corporations are intended to exert control over the social and economic life of their respective areas, control cartels in given industries and help develop policies on prices, supply, and distribution among others.

Corporatism is the theory and practice of organizing society into corporations which subordinate to the state functions (Deal & Kennedy, 2000); it states that workers and employers would be organized into industrial and professional corporations serving as organs of political representation and controlling, to a large extent, the persons and activities within their jurisdiction. According to Crouch & Streeck (2006), following on the success of the corporate model at a national level, many corporations have become transnational or multinational corporations.

### Postal Corporation of Kenya

Postal Corporation of Kenya (PCK) is a progressive and commercial government enterprise operating under the Postal Corporation of Kenya Act (1998). Due to emerging market

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and economic trends and spearheaded by the Universal Postal Union (UPU), efforts to separate postal services -from those of telecommunications were initiated in the late 1980s but were adopted in July 1999, with the split of the then Kenya Posts and Telecommunication Corporation (KP&TC) to create among others, the Postal Corporation of Kenya (PCK) whose mandate under the Postal Corporation Act (1998) is to provide and operate postal services, postal financial services, and perform other functions as the minister of communications may assign. In pursuit of its mandate, PCK operates a vast network of 700 post offices with a staff base of about 3,600 employees, and partners with over 5,000 stamp vendors across the country. A Chief Executive Officer titled Postmaster General (PG) is in charge of management and heads the corporation while reporting to the Board.

### Statement of the Problem

According to Kenyas' Vision 2030 (2007), Kenya aims to create a globally competitive and adaptive human resource (HR) base since her main potential lies in her people, their work ethics, education, and entrepreneurial skills among others through proper management, rewarding and steering towards global competitiveness. Collective bargaining agreements are necessary to settle on the best rewards and policies for employee development and consistent economic growth hence should be in the forefront in any organization. For success in developing competitiveness, PCK will need to empower its HR as envisioned in its Corporate Strategic Plan (CSP) (2008/09-2012/13), hence the need to engage them in collective bargaining. Despite the majority of the employees being unionized under Communication Workers Union of Kenya (Cowu), the employment terms and conditions have not improved due to failure by the management to honor requests for CB from the union leading to several strike threats and the unrest witnessed in 2011 (Cowu, 2012). There have been numerous labour unrests in Kenya especially after 2010. This research seeks to investigate the factors affecting implementation of collective bargaining in PCK so that CB can be streamlined for the achievement of Vision 2030.

### Study Objectives

- 1) To investigate the factors affecting collective bargaining processes in Kenya's state corporations, the case of PCK.
- 2) To establish the influence of organization structure on collective bargaining process in PCK
- 3) To determine the influence of management style on collective bargaining process in PCK
- 4) To establish the influence of tripartism on collective bargaining process in PCK

### Limitation of the Study

Limited documented information on collective bargaining activities in Kenya caused by minimal research on collective bargaining and suppression of employees' rights before 2010. Agreements involving state corporations, PCK, are rarely made public and similarly, respondents fear of victimization

## 2. Research Methodology

The research adopted a descriptive study which according to Orodho (2003) in Kombo and Tromp (2010) is a method of collecting information by interviewing or administering a

questionnaire to a sample of individuals and can be used when collecting information about people's attitudes, opinions, habits or any of the variety of education or social issues.

The target population for the study was non-supervisory employees working within Nairobi County. PCK has a total of over 3,000 unionizable staff, with 1,900 of them being based in Nairobi County. Purposive sampling was used to select Postal Corporation of Kenya and Nairobi County. It is the non-supervisory employees who are usually unionized by Cowuhence are the key beneficiaries of CB. The sampling frame for this study was a 10% representation of the total (1,900) non-supervisory employees working in all the Postal Offices within Nairobi County.

### Pilot Study

A pre-test was conducted to measure the validity and reliability of the data collection instrument. A sample size of five was chosen to form the pilot study and Cronbach's  $\alpha$  measure of internal consistency was employed in analyzing the results of the pilot study after which necessary amendments were carried out.

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1) \cdot \bar{c}}$$

### Data Analysis

**Table 4.1:** Response Rate by Gender

Gender	Frequency	Percent
Male	77	40.5
Female	106	55.8
Total	183	96.3

The study sample was 190 employees, out of which 183 (96.3%) questionnaires were returned duly filled. 106 (55.8%) were female and 77 (40.5%) were male. Non-supervisory jobs in Posta are considered menial and repetitive hence management may have a bias towards women who are assumed to have patience for repetitive and poorly paying jobs with high productivity. Similarly, women are able to take up poor jobs for lack of better options or because their husbands have better ones. This is presented in table 4.2 above.

**Table 4.2:** Response Rate by Age

Age bracket	Frequency	Percent
18-30 yrs	40	21.9
31-40 yrs	40	21.9
41-50 yrs	50	27.3
51 and above	53	29.0
<b>Total</b>	<b>183</b>	<b>100.0</b>

Employees 51 years and above are the majority of the workforce. There were no underage (below 18 years) employees, the corporation abides by the laws of not to engaging minors. 18 – 30 and 31 – 40 years had an equal percentage of 21.9% compared to 41 – 50 which had 27.3 and 51 and above which had 29%. PCK jobs are not attractive to the young generation (40 years and below).

**Table 4.3:** Respondents Education Level

Education Level	Frequency	Percent
Secondary	47	25.7
College	101	55.2
Bachelors Degree	29	15.8
Masters Degree	6	3.3
Others	0	0
Total	183	100

The highest level of education is masters, 3.3%. 25.7%, have secondary school education, 55.2% have college level education while, 15.8%, have attained a degree. Over 74% of the employees have at least college education. PCK is shifting towards professionalizing its operations with more of its employees furthering their studies or the management shifting to recruit more qualified staff.

**Table 4.4:** Respondents Length of Service

Length of Service	Frequency	Percent
2 years and below	10	5.5
3-5 years	30	16.4
6-7 years	50	27.3
over 8 years	93	50.8
Total	183	100.0

50.5% of respondents have worked in the organization for over 8 years. Over 94% of employees have worked for more than 2 years at PCK. This shows that the respondents were very well informed of the organization's activities, structure and management style and any developmental trends.

**Organization Structure**

Employees Incorporation into Organization's Activities



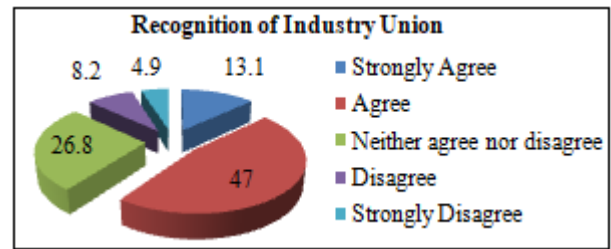
**Figure 4.1:** Employees incorporation into organization's activities

3.3% strongly agreed that being incorporated in the organization's activities affected CBA, 6% agreed, 21.3% neither agreed nor disagreed, 36.6% disagreed while 32.8% strongly disagreed. This reveals that employees being incorporated into the organization's activities did not affect CBA activities. This means that the involvement may not be adding much value to the employees in terms of rewards,

recognition, and motivation or may not be segregating them from the union activities.

**Management Style**

Management's Recognition of Industry Union

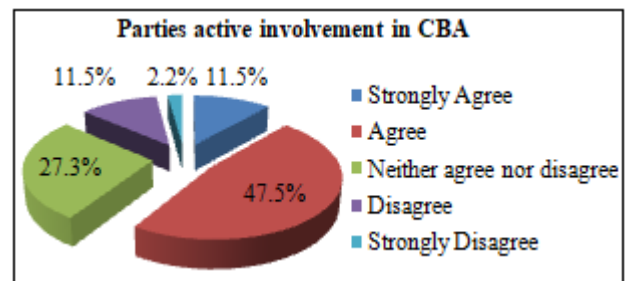


**Figure 4.2:** Recognition of industry union

13.1% strongly agreed that management recognized the industry union while a majority of 47% agreed. 26.8% neither agreed nor disagreed, 8.2% disagreed with only 4.9% strongly disagreeing. This indicates that the management recognizes the industry union since the total agreement level is 60.1%, meaning that the management allows the union to get involved in the organization's activities.

**Tripartism**

Parties active involvement in CBA process



**Figure 4.3:** Parties active involvement in CBA process

11.5% of the respondents strongly agreed all parties involved in the CBA process were actively involved, 47.5% agreed while 27.3% neither agreed nor disagreed with 11.5% disagreeing and 2.2% strongly disagreeing. This shows that all parties are actively involved but it is not possible to tell whether the involvement is positive or a matter of formality.

**Regression Analysis**

In this study, the conceptual model of collective bargaining was determined by organization culture, management style and tripartism. Regression analysis was done to establish the relationship between the dependent variable with the independent variables. The mean scores of the items measuring each independent variable were regressed against the mean score of the items measuring the dependent variable resulting in the following regression model.

**Table 4.5:** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.920 <sup>a</sup>	0.784	0.796	0.12694	0.784	101.32	3	89	0.006
a. Predictors: (Constant), Organization culture, management style, tripartism									
b. Dependent Variable: Collective bargaining									

Adjusted  $R^2$  (the coefficient of determination) tells us how organization culture varied with management style and tripartism. From the table above, the value of adjusted  $R^2$  is 0.796. This implies that, there was a variation of 79.6% of organization culture with management style and tripartism. In other words, the determination coefficient value indicates that the regression line accounts for 79.6% of the total observations; the remaining 20.4% is explained by other factors not included in the regression model.

**Table 4.6:** Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-0.641	0.428		-0.712	0.548
	Organization culture	0.257	0.073	0.249	2.165	0.105
	Management Style	0.192	0.063	0.184	2.736	0.059
	Tripartism	0.205	0.125	0.23	1.894	0.072

a. Dependent Variable: Collective bargaining

The following regression analysis was obtained:

$$Y = -0.641 + 0.257X_1 + 0.192X_2 + 0.205X_3 + \varepsilon \quad (4.7\%)$$

Whereby Y is collective bargaining,  $X_1$  is organization culture,  $X_2$  is management style while  $X_3$  is tripartism. The model illustrates that when all variables are held at zero (constant), the value of collective bargaining would be negative 0.641 (-0.641). However, holding other factors constant, a unit increase in organization culture would lead to a 0.257 (25.7%) increase in collective bargaining, a unit increase in management style would lead to a 0.192 (19.2%) increase in collective bargaining, while a unit increase in tripartism would lead to a 0.205 (20.5%) increase in collective bargaining. The study further shows that there is significant relationship between collective bargaining with organization culture, management style and tripartism as shown by the p-value ( $p=0.105$ ,  $p=0.059$  and  $0.072$ ) respectively. These findings indicate that a good organization culture with good management style incorporating tripartism results to an effective collective bargaining process.

### 3. Findings

**Influence of organization culture on collective bargaining process**– There is not very good and clear communication between employees and the management. Although employees are allowed and given freedom to express themselves, there does not seem to be much follow-up the grievances raised since they are rarely addressed. The findings show clear evidence that there is delegation of duties to employees. However, the delegation policy is seen by many employees to affect collective bargaining agreements and process. This may be due to the responsibilities given to employees to make them ineligible to present their grievances and openly engage with the union. The delegation in policy in place, however, forces work on staff since there is no clear limit or direction as to which work can be directed and when.

**Influence of management style on collective bargaining process**– The management has mixed reactions despite recognizing the industry union. The management allows its staff to join the union and the management's communications and interactions with the union. This notwithstanding, workers are not allowed to attend the union meetings especially when the agenda of the said meeting is known by and makes the management uncomfortable. In contrast, management also allows employees to become union representatives and act as shop floor stewards. This ensures that the management can know the right people to focus on and blame when things are not going very well hence these representatives do not have a free hand in assuming their roles. The relationship between the management and union is not smooth since, although employees are free to present their grievances to the union, the management does not honour most of the union activities even those that are in writing which makes the employees feel that they are not well represented.

**Influence of tripartism on collective bargaining process**– Many employees seem to neither understand what is involved in a collective bargaining agreement nor who the participants are. They do understand the process followed in a collective bargaining process and actually confirmed that they have an active one in place which is checking on the welfare and compensation of the employees after the last industrial action in 2011.

### 4. Conclusion

Organization should take necessary steps to address employee needs and grievances in order to improve both the employee and organization's performance. Policies should be set out help improve the working conditions other than to achieve public relations. Communication between employees and management at different levels should be improved and delegation policy redefined so that employees' incorporation into the organization activities can have clear set objectives and goals. Organizations should take note of the environment and the emerging trends and take necessary caution to tap the benefits and avoid suffering from the drawbacks. With the courts becoming more open and neutral, organizations should try to engage with their employees freely so that work and performance is not affected by unnecessary industrial actions. Tripartism has huge effect on collective bargaining process. All parties to the collective bargaining process should respect each other and their roles so that the employees welfare can be improved and make the organization attractive to potential employees due to development of a lasting goodwill in the process.

### 5. Recommendations

Organizations should ensure they uphold good employment practices and relations with employees and third parties and respect the functions and role of trade unions. The Kenya Constitution (2010) has enshrined the role of trade unions and clearly provided for freedom of association and expression as fundamental rights which should be accorded to every employee. Therefore, employees should not be victimized when they join unions or propagate the unions'

interests at the work place. Delegation policy at the work place should be geared towards improving organizational performance and employees' competencies as opposed to extending organization's selfish interests.

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