



St. Mary's University, School of Graduate Studies

**ASSESSMENT OF TRADE UNION IN THE ORGANIZATIONAL
PERFORMANCE OF ETHIOPIAN AIRLINES ENTERPRISE**

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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.

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January, 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.

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LIST OF ACRONYMS/ABBRIVATION

- EAL – Ethiopian Air Lines
- HR – Human Resource
- CELU – Confederation of Ethiopian Labor Unions
- MOLSA – Ministry of Labor and Social Affairs
- IATA – International Air Transport Association
- ICAO – International Civil Aviation Organization

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ABSTRACT

A Trade union is an association of employees which works toward effective bargaining with employers to improve or maintain sufficient wage terms and conditions of working environment. However, it is still debatable among scholars and practitioners that the role of labor union goes beyond securing wages and working conditions for their members. The major issue in this regard is the existence of potential increases in productivity resulting from union-induced changes in the workplace. The potential role of trade unions in increasing productivity involves protecting employers/ management interest by exerting efforts to motivate workers toward enhancing productivity/ improving efficiency and performance, improving industrial peace and harmony at workplace, improving discipline of workers, and improving behavior of office bearers with management. This study is an attempt to assess these pursuits in the Ethiopian Airlines where there is a trade union with large number of members. The study mainly used primary data in order to assess the role and significance of the Ethiopian airlines basic trade union in organizational productivity, while protecting, promoting the rights and privileges of its members. The findings of the study revealed that the role of the trade union in protecting the rights and interests of members is positive but less than what is expected. Dissatisfaction of employees adversely affects motivation, performance and productivity. The findings show that the Ethiopian Airlines Basic Trade Union has a positive effect on raising productivity of the airlines but its significance and adequacy is under question. The study concludes that there is little effect of the trade union in raising productivity of the enterprise especially in the aspects of reducing employees' turnover, safe working environment, work discipline and industrial peace, human resource capacity building, communication between the management and employees. Hence, it is recommended that the trade union in Ethiopian Airlines Enterprise exercise its roles in raising productivity in ways such as increasing awareness of its members about its goals and works, securing the welfare and benefits of its members, addressing safety issues not only in flight operation sections but also in support services and departments, ensuring capacity development of the human resource.

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CHAPTER ONE

INTRODUCTION

1.1 Background Of The Study

As defined by Australian Bureau of Statistics trade union is an organization consisting predominantly of employees, the principal activities of which include the negotiation of rates of pay and conditions of employment for its member "Trade Union Census". Australian Bureau of Statistics. Retrieved July 27, 2011s.

The time of beginning of trade unionism goes back to 18th century Britain, where the industrial revolution went to its climax. The expansion of industries pulled large number of women, children, rural workers and immigrants into the work force. The differentiation of roles at working place played the major role in demanding a lot of skilled and semi-skilled labor. This provided the ground for the start and development of trade unions, when disputes and grievances arose between the working class and the management of big industries. The first Labor organization, General Union of Trades, was formed in 1818 in the city of Manchester, which aimed to bring together workers of divergent occupations. The organization also known as the Philanthropic Society to hide its real purpose in a time when trade unions were still illegal.

A Trade union is an establishment by a group of wage earners to standardize the relationship between employee and employer, to sustain their jobs, to secure better wages and benefits and to advance their working condition. Trade unions have a major role in influencing employees working lives. Records show that trade unions have been in existence in Ethiopia for over five decades .For many years, their relation with the employers was intimidating even when they were only focusing on securing better wages and benefits.. As a result, they stayed weak for a long time and their great effort to exist created various challenges (*Wubne ,1991*)

“A trade union registered by regional bureaus of Labor and social affairs has the capacity to enter into contract, to prosecute and be sued, to stand for members at any level, to own, use and transfer property and to perform any legal act necessary for the realization of its objectives “(Edmond,1991:147).

The principal purposes of a labor union are to (1) negotiate wages and working condition terms, (2) regulate relations between workers (its members) and the employer, (3) take collective action to enforce the terms of collective bargaining, (4) raise new demandson behalf of its members, and (5) help settle their grievances.

At the beginning, the basic purpose of Ethiopian Airlines being a member of Confederation of Ethiopian Labor Unions (CELU) is to make sure employers would not take advantage of workers. In addition to that, since Ethiopian airlines is an international company which is competing globally, its desire is to be perceived, even though freedom to hire and terminate employment is essential part of work place, the management of Ethiopian airlines is also guided by specific provisions and procedure that is signed between Ethiopian airlines Enterprise and Ethiopian airlines basic trade union which is established in accordance with the amended labor proclamation NO 377 2003.

Ethiopian Airlines has come a long way after that and the current 10th collective agreement between EAL management and the labor union was signed on May 18, 2012. The collective agreement sets different objectives to ensure industrial peace and to create continuous and a stable relationship between the employees and the employer. (10th Collective Agreement between Ethiopian Airlines Enterprise and Ethiopian Airlines Basic Trade Union) In its existence for over 50 years, the union gone through different challenges and achieved new opportunities.

Ethiopian Airlines is a profit making enterprise, and its central focus is to increase organizational productivity. Though there is several definition of productivity, for this study, the most embracing definition is “anything that makes an organization functions better” (John & Barry,1989:82) In Ethiopian Airlines, productivity is measured as the total revenue earned per employee performance, which means, every employee contribution and efficiency determines the organizational productivity.

Since having a union in an enterprise contributes a great deal in protecting and defending employee's right, it is assumed that the employees as a result tend to be motivated to reach higher level of organizational productivity (Collins,2013). However, quiet often Unions are blamed for rebellion and always demanding for benefits, which causes interference in the smooth functioning of organizations without realizing the positive contribution (Muhammad &Nasser ,2011). But Ethiopian Airlines Basic Trade union has been exerting efforts for protecting the interests of employers by encouraging the workers to work hard (increase productivity, improve efficiency) preliminary from the setting objectives on the 10th collective agreement some of which states:“To enable the employee discharge his duties in compliance with the accepted code of conduct, ethical rules, to reinforce his will and dedication to work, to enhance his productivity and to enable both the Undertaking and the Labor Union encourage and appreciate the employee; to Carry out his assignments or instructions and devote his full energy & ability to the performance of the duties he is employed for with vigilance and caution, to enhance the Undertaking's output and productivity” (10th Collective Agreement Between Ethiopian Airlines Enterprise And Ethiopian Airlines Basic Trade Union).

The trade union not only sets clear objectives with Ethiopian Airlines management to work as a team on the organizational productivity, it is also participating as a partner on internal job openings to increase the efficiency of the enterprise by selecting competent candidate for the post in which one user department, one union representative and one human resource department attend, participating in Employees' Discipline Committee, though its usually assumed as a management activity in other organizations, suggesting a job audit or progression scheme revision when found necessary, having a clearly set rule on the collective agreement about Ethiopian Management making an annual increment valid for 3 years, as per employees productivity and if it brings growth in annual profit, the union also work as a partner with Ethiopian management on safety concerns, medical coverage of employees and other administrative issues raised by the employees which in return is assumed to increase the employees motivation and dedication for better performance and efficiency.

Currently, researches show that Trade unions contribution to organization is not limited to merely benefiting employees but it also constitutes a relationship between employers and unions which will facilitate management's effort towards increasing organizational productivity (Saavedra& Torero, 2002). And employees have to feel motivated and mutually beneficial to contribute countless effort to the enterprise productivity.

Therefore, this study is an attempt to find out if Ethiopian Airlines Basic Trade Union can enhance the organizational productivity without compromising its member's rights.

1.2 Statement Of The Problem

In the previous years, it was perceived that the labor union in Ethiopian Airlines was unhelpful. The management believed that the union jeopardizes the enterprise harmony claiming it is merely protecting the right and privilege of the employees. But the realities show the opposite. The present union executives and Ethiopian management believe a lot can be achieved by working towards the same goal without compromising the employees' right which in return brings harmonious working relationship so as to enhance greater productivity and mutual resolution of conflicts.

They started to implement new approaches to achieve their goal, for instance, the union executive members created a new structure i.e. having Shop Stewards for every department who will report to the Union Executive members. Moreover, they organized a meeting entitled "Ethiopian Management and Labor, together under one Vision" between all management staff, Basic Labor Union Executive members and Shop Stewards for the first time in the enterprises history. But this raised some distresses by union members.

The union members fear that the union working with Ethiopian management towards organizational productivity might lead to the union losing its bargaining power and strength to protect and defend the rights of members. There are also employees who think that the union and Ethiopian management working towards organizational productivity might come at the cost of the employees benefit.

As noted in the previous section, the existence of trade union brings impact on the performance of an enterprise in terms of securing the rights and benefits of employees, promoting industrial peace and harmony, guide employees in clear organizational direction, etc. On the other hand, if the trade union's performance and practice is minimal, its existence might have no or inverse impact on the performance of the enterprise. Therefore, this study assesses the current practice of the trade union towards raising the performance of the Ethiopian Airlines while working to secure the rights and benefits of its members.

1.3 Research Questions

The study is expected to answer the following questions;

- a) In what aspects does the trade union plays its role in securing the rights and benefits of the members?
- b) In what aspects do the trade union exerts positive impact in improving the performance of the enterprise?
- c) How significant is the trade union role towards organizational productivity?
- d) While working as a partner, will the union still protect the right of its members?
- e) What is the perception of members towards the union's working relationship with the management?
- f) By working together as a partner, will the industrial peace and harmony of the company be kept as stated in the objective of the collective agreement?

1.4 Objective of the study

General objective

The objective of this paper is to assess the role and significance of the Ethiopian airlines basic trade union in organizational productivity, while protecting, promoting the rights and privileges of its members.

Specific objectives

Specific objectives of the study can be:

- a) To state the current activities of Ethiopian Airlines Basic Trade Union in concert with management with regard to productivity enhancement, and examine the role of the trade union in organizational productivity;
- b) To examine whether the wellbeing of the employees are protected while the union works with the Ethiopian management;
- c) To identify the gaps between union management and its members;
- d) To identify the gaps between union management and Ethiopian management;
- e) To identify if the industrial peace of the company are maintained while working together;

1.5 Significance of the study

As clearly indicated in "statement of the problem" section, the study will review the role and significance of the Ethiopian Airlines Basic Trade Union in organizational productivity, while protecting, promoting the rights and privileges of its members. The significance of the study relates to its contribution in:

- a) Defining the current performance of the trade union in the enterprise regarding securing the rights and benefits of its members.
- b) Identifying the effects of existence and practice of the trade union on the performance of the enterprise.
- c) Encouraging other researchers to examine the avenues of cooperation between labor union and management in the enhancement of productivity for mutual benefit.

Since this study brings practical assessment of the role and performance of trade union in relation to raising the performance of the enterprise, it provides ground for further research on the subject in order to estimate the level of contribution and its overall effects.

1.6 Operational Definition of Terms

The following conceptual and operational terms, which are going to be used throughout the research, were taken from the 10th collective agreement signed between Ethiopian airlines enterprise and the basic trade union thereof on may 18th 2012. Unless the content requires otherwise, the terms are defined as follows:-

A. “**Proclamation**” means the Labor Proclamations No. 377/2003, No. 494/2006 and the amendments thereto.

B. ‘**Internal Rules**’ or ‘**Company Policy of the Undertaking**’ means the working rules and internal policies issued both for administrative and operations that the Undertaking issues from time to time to make provision to determine working schedules , rest/leave periods, salary payment, performance measurement methods/system, Occupational safety and Health Protection measures accident prevention, disciplinary rules and their implementation as well as other rules on terms of employment and working conditions in accordance with the Proclamation and other relevant laws;

C. “**Employee**” means in line with Article 4 of the Labor Proclamation No. 377/2003any physical person who has an employment relation with the Undertaking for indefinite period based on a contract of employment and it does not include the members of the Management.

D. “**The Undertaking**” means the Ethiopian Airlines Enterprise and includes its Legal Authorities, agents, officials, Divisions and branches.

E. “**Union**” means the duly registered and accredited Ethiopian Airlines Basic Trade Union and includes the lawful executives/leaders of the Union;

F. “**Employment Contract**” includes the employment letter issued for an employee who is covered under this Collective Agreement at the time of his employment, his job description and its amendments and comprises this agreement.

I. “**Premises of the Undertaking**” means the buildings, aircrafts, , vehicles, ramp and apron areas, work places and places where employees will be stationed due to the nature of their work

or where the Undertaking works or places of work or any owned or rented property or place that the Undertaking provides for the employees through ownership or rent/lease;

J. "**MOLSA**" means Ministry of Labor and Social Affairs.

1.7 Scope of the study

The study is delimited to only focus on the union members since including non-member employees on the study would not be accommodated in full as the cost of study and the time it takes to analyze cannot be met. In order to communicate major deals of the trade union in the past that laid foundation for present activities in the industry, the researcher has used data which goes as far back as 50 years. But, to conduct the analysis required for finding possible answers for 'statement of the problem' and research question, a comparison of figures and reports are taken from the past **three** consecutive years.

1.8 Organization of the study

The study is organized into five chapters.

Chapter One: Introduction - contains background of the study, statement of the problem, basic research questions, objectives of the study, significance of the study, and delimitation/scope of the study.

Chapter Two: Review of Related Literature - deals with the books, journals and other research paper relevant to the study.

Chapter Three: Research Design and Methodology - describes the type and design of the research paper the subjects/participant of the study; the sources of your data; the data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis used.

Chapter Four: Results and Discussion - summarizes the results/findings of the study, and interprets and discusses the findings.

Chapter five: Conclusions and Recommendations - comprises four sections, which include summary of findings, conclusions, limitations of the study and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 The Concept of Trade Union and Productivity

Trade union can be defined as an association of employees which stands for effective bargaining with employers to improve or maintain sufficient wage terms and conditions of working environment. Dr. Muhammad Tariq Khan and Dr. Naseer Ahmed Khan (2011) by referring Knowles and Eade state that the core business of trade unions is to organize, press for fair terms and conditions of work, negotiate on behalf of the work force, provide services for members, network, and mobilize. The role of trade unions in securing health and welfare benefits for their members in the United States dates back to 18th century. Earlier trade unions were established primarily for ensuring health and welfare benefits of their member and later they became engaged in bargaining with employers over wages.

However it is still a debatable issue among scholars and practitioners that the role of labor union goes beyond securing wages and working conditions for their members. The traditional neoclassical view stresses the ultimate goal of trade unions as benefiting their members by creating non-compensating wage differentials. However, recently it is being understood that there is an additional role prevailing in terms of increasing productivity of corporations. John T. Addison and Barry T. Hirsch (1989), refer Richard Freeman and James Medoff (1984) for the point raised on the potential increases in productivity resulting from union-induced changes in the workplace.

In order to clarify the point John T. Addison and Barry T. Hirsch (1989), used the Cobb-Douglas production function:

$$Q = AK^{\alpha}(L_n + cL_u)^{1-\alpha},$$

Where:

Q is output, K is capital, L_u and L_n , are union and nonunion labor, respectively, A is a constant of proportionality, and α and $(1 - \alpha)$ are the output elasticities with respect to capital and labor. The equation can be differentiated with respect to productivity, using a parameter c which reflects productivity differences between union and nonunion labor. If $c > 1$, then union labor is more

productive, in line with the collective voice model; if $c < 1$, then union labor is less productive, in line with conventional arguments concerning the deleterious impact of such things as union work rules and constraints on merit-based wage dispersion.

However, this manipulation of equation faces a number of criticisms such as:

- The use of value added as an output measure confounds price and quantity effect. (Brown and Medof (1984))
- Estimates of c are of no consequence in discovering the independent impact of unionization on pro- productivity because there is no way to statistically separate observed marginal productivity differentials from union/nonunion price [wage] differentials" (Reynolds 1986)

These problems are largely unavoidable and recognized by the author; generalization of their results must meet the dual criteria of plausibility and consistency with subsequent findings.

Ronald G. Ehrenberg, Daniel R. Shermabn and Joshua L. Schewarz (1983) put an argument of institutional economists that trade unions may well increase productivity in a number of ways:

“by reducing turnover, increasing morale and motivation, and expanding formal and informal on-the-job training. Several of the econometric studies suggest that union/ nonunion productivity differentials in the private sector are often positive. However, it is indeed challenging to ascertain the effect of unions on productivity in the public sector. This is generally understandable since the concepts of output and productivity in the public sector are often not well defines, and the difficulties inherent in trying to measure productivity are consequently large.” (Ronald G. Ehrenberg, Daniel R. Shermabn and Joshua L. Schewarz (1983)).

Ronald G. Ehrenberg, Daniel R. Shermabn and Joshua L. Schewarz (1983) conducted a study to analyze the effects of collective bargaining on productivity in the public sector, specifically in municipal services. They used a model of direct estimates of production functions of Cobb Dagulas. Two analytical frameworks were employed in the study. The first involves estimating reduced-form output equations, based on a model of the equilibrium level of public services in a community. The second involves direct estimation of public sector production functions. Both frameworks allow for the treatment of collective bargaining coverage as endogenous and for controls for selectivity bias. According to the findings of the study output significantly increased in unionized corporations.

Dr. Muhammad Tariq Khan and Dr. Naseer Ahmed Khan (2011) conducted research to provide answer for the extent to which trade unions are effective in protecting employers/ management interest by exerting efforts for:

- Motivating workers for increasing productivity/ improving efficiency and performance.
- Improving industrial peace and harmony at workplace.
- Improving Discipline of workers.
- Improving behavior of office bearers with management.

The research methodology employed were descriptive secondary information obtained from research literature about labor unions throughout the world and empirical research has been conducted on sample of ten Pakistani organizations by interviewing their unions' office bearers, employers and workers for unions' struggle or exhortation for improvement of productivity and efficiency, improvement of workplace harmony, workers discipline and attitude with employers.

The study concluded that "Unions have been exerting efforts for protecting the interests of employers by exhorting the workers to work hard (increase productivity, improve efficiency) by improving workplace peace and harmony, improving discipline of workers and keeping good term with employers (being polite with employers/management). And it is the role of unions, which is beyond the collective bargaining and in addition to their definitional mandate." Dr. Muhammad Tariq Khan and Dr. Naseer Ahmed Khan (2011)

A seminal paper on unions and productivity by Brown and Medoff (1978) is one of the few studies finding "a large and positive effect on productivity (22-24%)." (Freeman and Medoff 1984; Hirsch and Addison 1986; Hirsch 2004). These results, however, were not supported by subsequent reviews of the literature, which attributed the results to serious data limitations. The rough consensus on U.S. studies is that union productivity effects are, on average, small and non-significant and highly variable across different economic settings (Doucouliagos and Laroche 2003). When positive, they are too small to fully offset union wage effects, consistent with the findings of lower profitability among union companies (Fuchs, Krueger and Poterba 1998; Hirsch 2004; Doucouliagos and Laroche 2009). Regression discontinuity analysis of DiNardo and Lee (2004) find unions have an insignificant effect on productivity or wages, although the even study of Lee and Mas (2012) find a negative effect on firm's stock value.

The Freeman and Medoff's (1984) "Two-faces model" is assumed as best explainer of the effect of labor unions on productivity. According to the "two faces" approach, " Union's effects on productivity can be described using the monopoly face – from microeconomic theory – and the collective voice/institutional response framework – from the industrial organization literature.

"The traditional approach analyzes unions as monopolistic agents, stressing the negative aspects of unions and the distortions they create compared to the perfect competition model. Within this framework, unions extract monopoly gains from the employers by constraining the labor supply. This translates into compensation above competitive levels for their members while potentially causing temporary negative productivity shocks. It is also possible that unions might impose the adoption of inefficient contractual work rules and generate reductions in managerial discretion that may increase the cost of reacting to economic shocks in dynamic economic environments. Furthermore, union rent-seeking behavior can further reduce long run productivity by imposing a pseudo "union tax" on capital returns, limiting the adoption of new technology and investment.

Constraints in labor supply might also generate wage/price distortions that could force firms to shift toward suboptimal mix of inputs, possibly causing (small) deadweight welfare loss and lower overall labor productivity. These distortions might spuriously increase production per worker if firms shift their input mix toward higher capital intensity and/or higher skilled workers, without generating gains of technical efficiency. This is less likely to be observed to the extent that unions tax the quasi-rents from capital, reducing incentives to increase investment. Besides, although high union wages opens the possibility to employ workers with higher skills, such outcome is unlikely, given repeated bargaining." Freeman and Medoff's, 1984)

The "collective voice/institutional response" face of unions, as described in Freeman and Medoff (1984), puts more emphasis on the positive aspects of unions and their potential roles enhancing operations and labor relationships within establishments. Legally protected unions can freely express their members' preferences in the workplace, improving communication between employers and employees, inducing managers to alter methods of production and adopt more efficient personnel policies. In turn they can also reduce potential transaction costs associated with turnover, training and recruiting, monitoring and enforcement in the workplace (Kuhn 1985;

Allen 1984). The presence of unionization and pressure for higher wages can increase productivity through shock effects, reducing the so called “X-inefficiency” through improved operations which could have persisted in the absence of unions.

As Freeman and Medoff (1984) and Kuhn (1998) emphasize, the positive outcomes from the union's collective voice are constrained to positive and cooperative relationship between management and organized labor. While Black and Lynch (2001) and Bloom and Van Reenen (2011), cited by Freeman and Medoff (1984) and Kuhn (1998), find that negative union productivity effects are driven by unionized plants with traditional management systems, while positive effects are found among those (few) union establishments that adopt “best-method” human resources practices such as incentive pay.

2.2 Trade Unions and Developing Countries

Richard B. Freeman (2007) summarizes the theoretical analysis of labor institution in developing countries in 3 different scenarios. He called the first one Distortionism view, by which labor institutions distorts economic performance because in their absence unfettered markets would produce competitive equilibrium.

“Considering a market where wages are at the competitive level and the union bargains for higher wages, higher cost of labor leads unionized firms to reduce employment. This in turn forces some workers to move to lower paid less productive non-union work, lowering economic efficiency. Taking into account the extent of elasticity of demand for labor, the higher the elasticity of demand for labor, the greater is the distortion in resource allocation.” (Richard B. Freeman, 2007)

The second type of theory treats institutions as mechanisms for efficient bargaining. Models of efficient bargaining predict that when firms/workers bargain they “leave no money on the table” and thus allocate resources optimally. This analysis suggests that

“Institutionally determined rules, such as employment protection legislation, affect distribution but not production. More modestly, it suggests that through legal arrangements or shadow economy side-payments, there are “natural limits to the efficiency losses engendered by such regulations” (Richard B. Freeman, 2007)

The third type of theory focuses on ways institutions facilitate the flow of information and foster cooperative behavior that could raise productivity. Labor institutions can increase communication inside firms and allow management and labor to make more informed and presumably better decisions. (Richard B. Freeman, 2007)

In order to determine the net effects of existence of labor unions on overall efficiency, Richard B. Freeman (2007) provided a four-fold sieve of analysis:

1) *The institution should affect the outcome it is meant to affect.* For instance, if the Policy is a minimum wage, and the minimum is enforced, it should change the distribution of wages, producing a spike in frequency around the minimum.

2) *Before/after evidence that the institution alters quantities that impact aggregate output.* In the minimum wage case this would be evidence that the minimum reduced employment. If an institution affects wages but not quantities, it could be efficiently redistributing income while leaving output unchanged, per efficient bargaining models.

3) *Evidence that the outcome attributed to the institution did not occur in another setting absent the institution.*

4) *Evidence that the estimated effect of the institution is sufficiently large to alter aggregate outcomes.*

The studies of micro-evidence on minimum wages conducted by Card and Kreuger (1997), Neumark and Wascher (2006) and summarized by Richard B. Freeman (2007) find that:

“in many developing countries, minimum wage raise the pay of law paid workers in the formal sector by enough to produce spikes in the distribution of earnings around the minimum wage and that changes in the minimum change the wages for low paid covered groups. Regarding employment effects, more studies find that minimum wages reduce employment than not, but the estimated impacts are generally modest.” Card and Kreuger (1997)

2.2.1 Other Countries' Experiences

Henk Thomas (1999) discussed the effect of effective labor institutions in developing countries by taking instances of India and Pakistan.

India

In India, the origins of the trade union movement go back to the nineteenth century when, at an early stage of global industrialization, a working class emerged in the jute and cotton industries as well as in the rapidly expanding railway system, thus forming one of the outstanding chapters in global trade union history. However, a serious situation has recently arisen. In the public sector the required and ominous process of privatization threatens the job security of millions as downsizing on a huge scale is unavoidable. The private sector industrial relations scene has unfortunately been characterized by fierce battles over downsizing and flexibility. Rather than seeking positive gains both management and trade unions have generally adopted strong adversarial positions. Except for the highly publicized Self Employed Women's Association (SEWA), little success has been noted in organizing workers in the booming small-scale enterprises as well as in other segments of the informal sector. In this situation, which appeared to be most risky for the expansion and, more importantly, the survival of the trade union movement, a number of labor leaders established a Centre for Workers Management (CWM) in the knowledge that a change of culture in the labor movement as well as at management level was required in order to overcome the adversarial culture of management labor relations. The central idea was to safeguard jobs in "sick" industries by general restructuring, and also by introducing modern management labor relations with participatory structures as well as a workers' stake in ownership following the Employee Share Ownership Plan (ESOP) that has been practiced, especially in the United States, with a positive impact on profitability and labor productivity.

Regrettably the economic and commercial situation from 1990 onwards became so serious that business failures and bankruptcies were once again prominent. Here a visionary plan was developed to practice the new pattern in a limited number of large private enterprises as a learning ground to be offered as a policy option to speed up the process of privatization of public enterprises. Some thirty firms "responded" to this initiative that was taken up by CWM with an

initial involvement in Kamani Tubes Limited at Mumbai and Kamani Metals Limited (with plants in Mumbai and Bangalore). The role of trade unions, through CWM, has been pivotal. The Supreme Court had ruled in favour of a labour movement initiative to transform Kamani Tubes, which had gone bankrupt due to mismanagement, into a workers' cooperative. Workers then raised a considerable sum of money to build a new financial asset structure. Leadership, rather than management, was provided by CWM in defending the enterprises' interests with respect to commercial banks, supervisory boards imposed by the Government of India, and courts of law.

Pakistan

In Pakistan, decades of labor oppression have had a deep impact on the trade union movement as well as on the rapidly expanding NGO community in the country as a whole. The system of industrial relations basically fulfils the need for rapid industrialization with phenomenal profits for local as well as foreign businesses. While ensuring a secure and unhindered operation, this system is geared towards securing permanent subordination of the workers on the one hand and the removal of conflicts from the workplace, including those likely to develop into class conflicts, on the other. To this end, the system seeks to turn the unions, whenever and wherever possible, into instruments for disciplining the workers. However, the emergence, "even if in small numbers, of an enthusiastic, energetic and eager-to-learn layer of shop floor unionists over the past few years" may be seen as a silver lining. One remarkable development has been the establishment of the Pakistan Institute for Labour Education and Research (PILER) in Karachi. This institute, which was established in the early 1980s, succeeded in both receiving a broad endorsement by the highly segmented trade unions and also serving the trade union movement as a national platform for raising issues such as those of the peace movement and of human rights.

Henk Thomas (1999) put his concluding remarks as,

"When trade unions in the formal sector are declining in so many countries while formidable tasks are reemerging in the remaining labor markets, the creation of special institutions may be an important "best practice" for the future. The establishment of labor market monitoring institutions is another aspect of institutional development that calls for urgent attention in most countries." (Henk Thomas, 1999)

Freeman and Medoff's (1984) summarized various studies conducted on the effect of labor institution on productivity in a number of countries. International evidence for developed countries finds unions have negative effects on profitability, but also that unions have mostly negative effects on productivity, except for industries with high competition or good relationships between management and unions. Beyond the scope of developed countries, the literature on the economic effects of unions is limited, and little is known about how unions affect productivity in developing countries. A brief summary of the relevant literature in developing Latin American countries is provided.

As cited by Freeman and Medoff's (1984), Fairris (2006) finds, for Mexico, that "Unions have a positive effect on productivity, but not profitability, which is possibly attributed to higher training rates. finds that unions in the manufacturing sector in Brazil are correlated with lower levels of profitability and investment, but that some level of unionization could have a positive impact on productivity, particularly in larger in firms with profit sharing." (Freeman and Medoff's, 1984)

Freeman and Medoff's (1984) also stated that Saavedra and Toledo (2005) finds evidence for Peru that "union firms earn lower profits and have lower productivity, but that such effects are strongly related to the firm characteristics." The authors partially attribute this to conflicts between labor and management. Cassoni, et al. (2005) finds "a positive effect on productivity and productivity growth in the manufacture sector in Uruguay, with mixed evidence regarding profitability." The authors argue that improvements in productivity might be explained by increased labor stability and lower turnover, and to a lesser extent improved cooperation and labor morale. Finally, Urizar and Lee (2005), studying coffee producers in Guatemala, find evidence that "becoming unionized decreases productivity, although the estimates seem to be tied to firm characteristics."

Fernando Rios-Avila (2014) conducted a case research on selected countries in Latin America regarding unions and economic performance in developing countries. These Latin American countries have been historically known for the strong role unions have played in their political and economic histories. Following periods of dictatorship, debt crisis and economic recovery,

however, these countries developed in ways that have produced substantial heterogeneity in their collective bargaining systems and the roles that unions play in their economies.

According to the results of the study, “Unions appear to have small but positive effects on productivity across all countries in the sample, with the notable exception of Argentina, where a strong negative productivity effect is found, and Bolivia, where no effect is found. The positive relationships between unions and productivity appear to be sufficient to offset higher labor costs, translating in small and insignificant profitability estimates. In addition, with few exceptions, unions seem to have either a null or negative effect for current investment decisions.” (Fernando Rios-Avila, 2014)

While some of the observed effects can be linked to labor regulations, unions and managements conflicts, economic structure, or unionization organizations, no single narrative can readily explain all results presented here. Even at the establishment level, a precisely estimated union-productivity effect of zero is difficult to interpret, being consistent with unions having either no effect or having offsetting positive and negative effects.

ShermainMannah (2002) provided a research work on the impact of globalization in Africa and the response of trade union taking the case of South Africa. According to the study not only in South Africa but most of the developing world Massive retrenchments and outsourcing break down large scale concentration of employment where traditional unions have been based and find their power.

“The effect of globalization is to atomize resistance, seeing workers and communities as either consumers or individuals – never as a collective. Therefore one of the most effective ways of taking on globalization is for organized labor to develop links with other sectors of civil society in order to build strong alliances. This is analogous to the social unionism movement of the 1980s. The Congress of South African Trade Unions (COSATU) in the 1980s was a prime example of this kind of collaborative approach. This was based upon an alliance of labor, communities, student and political organizations with an agenda that went beyond traditional trade union issues to include the democratization and radical transformation of society.” (ShermainMannah, 2002)

Similar alliances are now being formed in post-apartheid South Africa. Examples of this include COSATU's Anti-Privatization Campaign. To state another example of trade union response to the pressures occasioned by neoliberal economic theory, SANGOCO (the South African NGO coalition), the churches and COSATU jointly embarked this year on a program to draw up a "Peoples Budget". The "Peoples Budget" prioritizes social needs including public education. This alternative budget process will be repeated annually to coincide with the release of the Government's annual budget. Issues for negotiations with employers, now include:

- anti-discrimination;
- right to privacy;
- access to medical aid and a provident fund;
- death benefits;
- Increased allocations for HIV/AIDS research and medication.

On the other hand, Carmen Urizar H. and SigfridoLée (2003) analyzed the effects of unions on productivity by taking evidence from large coffee producers in Guatemala. The study stated that "According to several large coffee producers in Guatemala, the general belief is that unions have a negative effect on productivity. In several cases unions have even been blamed for the bankruptcy of firms. This perception explains the negative attitude of the private sector towards unions. Although it is difficult to form a union in Guatemala, once a union is established, it is very powerful since the country's labor legislation is highly biased in favor of workers and unions. Employers are obliged by law to negotiate a collective agreement with the union. Moreover, the union can call a strike and, if a judge declares that the strike is legal and fair (for example, if the employer unjustly denied the workers a raise or any other benefit when he is able to grant it), the employer bears all the costs." (Carmen Urizar H. and SigfridoLée, 2003)

The paper provided an econometric analysis of the impact of unions on a sample of large coffee plantations, specifically the impact of unions on productivity, measured as coffee production per worker. First, an equation is estimated using as independent variables a capital proxy, the proportion of administrative and permanent workers, land per worker, total workers, farm elevation above sea level and a union dummy. From this equation it is concluded that unions have a negative effect on productivity.

A similar equation is then estimated, but also including interaction terms between the regular variables and the union dummy. The union coefficient in this equation, when significant, is positive. When a union is present, however, the effect on productivity of the land and height variables is reduced significantly. Also, the effect of capital on unionized firms' productivity is larger than on that of nonunionized firms. There is also strong evidence that diseconomies of scale are present in large coffee plantations. As a final conclusion the empirical analysis provides strong evidence that unions have a negative effect on the productivity of large coffee plantations. (Carmen Urizar H. and SigfridoLée, 2003)

2.3 Labor Unions: The Ethiopian Case

According to country report of Ethiopian Trade Unions prepared by Assefa Bersoufekad (2003), in Ethiopia, trade unions have been in existence for more than half a century and have gone through ups and downs in their endeavor to improve the conditions of work of their members. They had to focus on securing better wages and benefits in their relations with employers. For many years trade union efforts generally terminated in failure until their strenuous struggles helped them to achieve permanency of existence when the government promulgated the Labor Relations Decree of 1963.

Though more than 85 percent of the work force is in agriculture and the informal sector which is unprotected, unregulated and unorganized, labor policy concerns and labor institutions' activities are centered mostly on a small proportion of less than 15 percent working in the organized sector. The rights of workers and trade unions have been ascertained through the new labor proclamation (Proclamation No. 377/ 2003) and collective agreements.

They include freedom of association and the rights for trade unions to;

- Obtain legal personality
- Be guided by their own internal rules and regulations
- Own, make use of and transfer property
- Represent members and enter into contract on their behalf at all levels and hold elections.

Ethiopia has 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 trade union rights. Moreover, the Labor Proclamation provides that workers shall have the right to establish and form trade unions and actively participate in trade union activities (Article 113 (1)). It further stipulates that one trade union may be established in an undertaking where ten workers or more are employed (Article 114/1). Trade unions at the undertaking level may form industrial federations, which may jointly set up confederations. The proclamation also provides that federations or a confederation of trade unions may join international trade union organizations. A trade 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 any level and to perform any legal act necessary for the attainment of its goals.

The Task of trade unions as defined by the proclamation focused on:

- Fulfilling the obligations set in the proclamation, observing the conditions of work, having workers' rights respected, representing members in collective bargaining and labor disputes.
- Ensuring that members respect regulations, directives and statements.
- Initiate laws and regulations pertaining to labor affairs and participate effectively during their formulations and amendments.

Workers are allowed to strike or employers may lock out in order to protect their respective interests in the manner prescribed by the proclamation under article 158(1-4). Accordingly, the conditions to be fulfilled prior to initiating a strike include:

1. Advance notice to the employer /trade union indicating the process for taking the said action
2. Making efforts to solve and settle the dispute through consultation
3. Support by a majority of the concerned workers in a meeting when at least two-thirds of the trade union members were present and,
4. Taking measures to ensure that safety regulations and accident prevention procedures are observed by both parties.

Conciliators are responsible for endeavoring to bring about settlement of disputes arising on the following matters by all reasonable means.

- a) Wages and other benefits:
- b) Establishment of new conditions of work
- c) The conclusion, amendment, duration and invalidation of collective agreements:
- d) The interpretation of any provisions of the Proclamation, collective agreements or work rules;
- e) Procedure of employment and promotion of workers:
- f) Matters affecting the workers in general and the existence of the undertaking;
- g) Claims related to measures taken by the employer regarding promotion, transfer and training
- h) Claims relating to the reduction of workers.

Establishment and Functioning of Trade Unions

The formation and functions of trade unions are explicitly indicated on the Labor Proclamation No 377/ 2003 of Ethiopia. Part eight, Collective Relations, of the proclamation comprises the right to form organization, registration issues, collective bargaining and agreements, and application of such agreements. The proclamation states that, in article 135/1, Where a trade union which is a party to a collective agreement is dissolved, the collective agreement shall continue to be valid between the employer and the workers..

Wage Setting

Agency for civil service, by now called Ministry of Civil Service, has been given the mandate to prepare a salary scale to be applicable to the Civil Service in general and submit the same to the Council of Ministers, and supervises its proper implementation upon approval, according to the Federal Civil Servants Proclamation No. 515/2007. In the organized private sector, wages are determined largely by managerial prerogative or collective bargaining. Hence, there is no central control over wages. Wages constitutes an important aspect of working conditions, which have the most direct and tangible impact on everyday lives of workers. Employers owe remuneration to workers for work performed according to contracts of employment. Wages are set either on individual contract or through collective agreements.

Collective Bargaining

According to the Labor Proclamation No. 377/ 2003, article 125/1, Trade union have the right to bargain a collective agreement with one or more employers or their organization. In defining the term collective agreement, the proclamation states that it is an agreement concluded in writing between one or more representative of trade unions and one or more employees or agents or representatives of employers organizations. In line with this, collective agreement may determine matters concerning employment relationship and conditions of work as well as relations of employers and their organizations with workers' organizations.

The proclamation also states that during collective bargaining in which, negotiations can be conducted between employers and workers organizations or their representatives concerning conditions of work or collective agreement or the renewal and modifications of the collective agreement, employees have the right to represent workers. Where there is a trade union, the leaders of the union who are empowered to represent the workers during collective bargaining. (Article 126, Proclamation No. 377/ 2003)

The proclamation explicitly puts matters to be presented for collective bargaining as:

1. matters left by the provisions of the Proclamation or other laws to be regulated by collective agreement;
2. the conditions for protection of occupational safety and health and the manner of improving social services;
3. workers' participation, particularly, in matters regarding promotion, wages, transfer, reduction and discipline;
4. conditions of work, the procedure for making work rules and grievance procedures;
5. arrangement of working hours and interval break times;
6. Parties covered by the collective agreement and its duration of validity.

Trade Union Profile

The oldest union in Ethiopia is the Ethio-Djibouti railway workers union, which was formerly known as the Franco-Ethiopian railway Workers' Union. This union started its activities in 1945. Plurality of unions came about in the country in the 1950's with the relative expansion of the modern sector of the economy and an increased diversification of economic activities and price competition among establishments (producers and sellers), which caused more constraints to wages and other conditions. of work. The railway workers were able to make demands regarding their rights and economic benefits.

From 1963 until the down-fall of the feudal regime, plant unions were directly organized under one confederation, the Confederation of Ethiopian Labor Unions (CELU). In December 1975, a new law embracing socialist principles was enacted by the Dergue regime, which claimed to be a protagonist of the interests of the working class. Unions were formed on the basis of the particular industry to which workers belonged, e.g., manufacturing, construction etc. At the climax of the structure, the "All Ethiopia Trade Union (AETU)" was formed. AETU was supplanted by the Confederation of Ethiopian Trade unions (CETU).

In 1999/00 E.C., there were 290 basic unions with a total membership of 197156. The highest number of basic unions (64) was found in the Agricultural, Plantation, Fisheries and Agro-Industrial workers unions Federation. Basic unions under the Food, Beverages, Tobacco and Related Industries Workers Unions National Federation were second in number, consisting of 44. The construction, wood, metal works, Cement and Related Industries National Union and the Trade Technical and Printing workers National Federation had 38 basic unions each. 34 basic unions, the fifth in number belonged to the Tourism, Hotels and General Service Workers Union National Federation. The Bank and Insurance workers Unions National Federation had the smallest number (5) of the basic unions. With regard to membership the Trade Technical and Printing workers unions National Federation accounted for the highest number, i.e., 61970 or 31.75%. Members of the Transport and Communications workers unions National Federation were second in number (32933 or 16.71%). The Energy, Chemical, Fuel & Mining workers unions National Federation which embraced 31714 (16.10%) members was third.

The 44 basic unions of the Food, Beverages, Tobacco and Related Industries workers unions National Federation had the smallest number of members (2371 or 1.04% of the total union membership). The number of new trade unions and their members has been increasing over the three years 1998/99 till 2000/01e.c. with the highest number having been registered in 1998/99e.c.

Trade unions are important partners in industrial relations with the essential functions of empowering those employees who want to have the power of making decisions about their working life helping to distribute the fruits of socio-economic development equitably and to alleviate poverty. Currently basic unions are organized into nine industrial federations. The industrial federations seek to organize and build the capacity of unions in their respective industries. Their basic functions concentrate on gathering, analyzing and dissemination of information with regard to labor and related matters. At the level of the central organ of trade unions (CETU) the basic functions are:

1. Representation of the labor movement's interests at large i.e. domestically and internationally
2. Promoting the observance of ethical practices among unions at lower levels
3. Resolving jurisdictional disputes among member unions
4. Providing research, education and trading services to member unions and
5. Communicating the views and information regarding the activities of CETU to union members and the public at large.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

This study used enterprise-wide survey in order for the research hypothesis to be analyzed through the direct responses of the subjects. The research is based on first hand information gathered from members of the trade union of the enterprise. This kind of survey can help in getting exact opinions of respondents, reaching those who do not want to share their opinions name-mentioned, gathering wide range of outlooks and enriching the research through new ideas and views.

In general, the research design chosen for the study is descriptive research method. Descriptive research design is a type of research design often used in circumstances where we can draw a conclusion about a population or event under study. This kind of research design is used to find answers for “what” questions rather than dealing with the how/ when/ why characteristics of a given population. Descriptive statistics include the numbers, tables, charts, and graphs used to describe, organize, summarize, and present raw data. In using descriptive statistics, this study employed distribution characteristics of the raw data. This includes the frequency measurement which identifies how many responses have been given to a given particular type of question of point of view?

The rationale behind the selection of descriptive research method relied on the scope and objective of the study. The general objective of this study is to assess the role of the Ethiopian airlines basic trade union in organizational performance, while protecting, promoting the rights and privileges of its members. The role of the trade union is majorly explained through analyzing the basic “what roles” questions. The other why, how, where, etc questions can be raised in order to elaborate the basic “what” questions.

The assessment of the role of the trade union together with its significance plays main role in identifying the level of expectations that the trade union should deliver in order to enhance the productivity of the airlines while protecting and satisfying the benefits and rights of employees.

Therefore, descriptive analysis method of research design is a better fitting selection for this typical study.

3.2. Sources of Data and Tools/Instruments of Data Collection

The data collection mechanism was both primary and secondary in nature, in which the researcher has used it for analytical and statistical purposes. Therefore, from primary sources the researcher has used; open and close ended questions and observations, while from secondary sources; MOLSA reports, General assembly reports, previous research papers, unions brochures, templates, mails, Media reports, Newspapers, annual magazines, company publications, government reports and any other necessary documents related to the subject under study are considered.

The instrument used for data collection is questionnaire survey. The purposes for the selection of questionnaire as a main data gathering tool for this study are:

- Time – questionnaires usually allow respondents time to think about their responses carefully without interference from anyone including the researcher.
- Cost – questionnaires can be distributed to and collected from large number of respondents simultaneously, so that the cost of data collection is much minimized.
- Homogeneity – there can be homogeneity in types of answers especially for closed questions.
- Variety – questionnaires provide opportunity to respondents to state their opinion in detailed manner, so that the researcher can get additional views from respondents.

Regarding types of data, the questionnaire is designed to include 3 parts of questions such as, demographic data of respondent, closed ended questions and open ended questions.

Demographic data of respondents

This section of the questionnaire provides data regarding the respondent's demography. This section includes questions like gender, age group, educational level, and years of work experience. These kinds of data are very useful in order to detect if there are some correlations

with answers of the other questions of the questionnaires and one or more of the demographic characteristics of the respondents. For example, if one question is replied similarly by respondents under same age group or gender type, it can indicate that this kind of answer has some relation with gender or age level.

Closed ended questions

The questionnaire consist around 13 closed ended questions. These questions are closed by providing options of answers in rates of level of agreement that the respondent has with the statement. Normally, the statements are written in an affirmative form and the confidence boxes grouped into 5 such as, Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1). Therefore, the respondent rates his level of agreement with the statement provided by selecting the scale among the above five. As an example, the one of the closed question with the options for rating scale are provided as follows. The numbers assigned for the rating scale are put in a descending order. That means, the number goes up as to the respondents level of agreement becomes less and less.

Table 01 –Description of Rating Scale

<i>Questions</i>	<i>Rating Scale</i>
The establishment of trade union in Ethiopian Airlines has significant importance.	<i>5 4 3 2 1</i>

The type of data gathered from the closed-ended questions can be generally categorized in to 3 sub-groups.

The first sub-group provides a question on general opinions. The question under this category is:

1. The establishment of trade union in Ethiopian Airlines has significant importance.

The second sub group provides six questions related to employee side of the trade union role. Questions consisted in this section are:

1. Members of trade union are working together in order to enhance working conditions and welfare;
2. The trade union is sufficiently represented in the collective bargaining process;
3. The members of management of the trade union are trusted and well known by members of the trade union;
4. The trade union works effectively for the implementation of rights and obligations of employees and the airline management;
5. The existence of the union helps employees to have more work discipline, motivation and satisfaction;
6. The union has firm standing on protection of interests of employees in terms of improving working conditions, better welfare, and industrial harmony ;

The last sub-group of the closed-ended six questions focused on enterprise-side questions that are related to the role of the trade union in raising the productivity of the enterprise. These section questions consisted of:

1. The existence of trade union positively contributes to reduce turnover of employees;
2. The union works with the management for the timely provision of appropriate trainings and on-the job practices;
3. The union works effectively to resolve disputes between the employees and management of the airline;
4. The union provides contribution for existence of effective and timely communication between the employees and management of the airline;
5. The existence of the union increases solidarity and relationship of employees with the management of the airline;

6. The union works toward achievement of the goal of the airline through creating awareness on how employees can contribute for such achievements;

Open ended questions

The questionnaire has 6 open ended questions that can insist the respondent to provide more elaborated opinions. The questions can be categorized into two sub categories such as, employee relate questions and enterprise side questions. Employee related questions mainly focused on the role of the trade union in protecting the rights, motivation and satisfaction of members, while enterprise side questions are related to its role in raising productivity and industrial harmony within the enterprise. There are 3 questions related to employees' benefits and 3 more questions from the enterprise side in this group of questions.

3.3. Population and Sampling Techniques

The population that the scope of the study covers is the response of 105 shop stewards who are located at different sections, department and divisions of the company. The Airline is engaged in scheduled and un-scheduled international and domestic passenger and cargo air transport serving more than 91 international destination across five continents:-Africa, Asia , Europe , North America and South America and with over 200 daily departures. It has more than 76 aircrafts. The Ethiopian Airlines fleet includes Boeing 737-700, Boeing 757-200, Boeing 767-300ER, Boeing 787-8, and Boeing 787-9 and others. It is also expanding its intercontinental services with an outstanding safety records becoming and is one of the few profitable African airlines.

The sampling techniques employed to gather raw data from respondents is simple random sampling. Simple random sampling is a method used to cast-off a smaller sample size from a larger population and uses it to research and make generalizations about the larger group. It is one of several methods statisticians and researchers use to extract a sample from a larger population.

In order to define the sample out of the total population the study followed major steps as described below.

- Defining the Population

For this typical study, the population is defined as number of shop stewards who are located at different sections, department and divisions of Ethiopian Air Lines Enterprise. In relation to this, the enterprise itself is taken in to consideration as to defining the level of productivity in terms of operating income and profitability.

- Choosing Sample Size

Since Ethiopian has seven main divisions,(passenger & Cargo Transport ,Flight Catering, Aviation Training, maintenance & Repair Overhaul(MRO),Ground services, Domestic &Regional services).The sample size is stated in terms of numbers of shop stewards of the basic trade union which is drawn from the total number of the members in this seven divisions. The number of shop stewards is 105 and which represent 15% of the total trade union members.

- Listing and Assigning Numbers to the Population

In order to select the sample from the given population, the ID numbers of the shop stewards of the basic trade union is used. For each potential respondent, serial number is given so that it becomes easier to select the sample randomly.

- Finding Random Numbers and Defining Sample

Random numbers are selected from the total listed population using random number table. The random number table helps to identify the selected numbers assigned to the population. By matching the selected numbers with numbers given to lists of the total population, the selected sample can be easily drawn. Thus, the selected numbered members of the trade union are taken as sample for the population.

3.4 Procedures of Data Collection

The questionnaire designed to collect raw data for this study is pre-tested by a twenty number of respondents in order to make the questionnaire more valuable. Some additional corrections are considered which requires clarifications. The questionnaire is distributed to 105 members of the trade union shop stewards but the number of questionnaires returned is 84 (80%). The average time given for respondents to return the questionnaire is 3 weeks which is adequate period to carefully reply the questions.

CHAPTER FOUR

RESULTS AND DISCUSSION

This survey is employed with the objective of getting first hand information to be used for analysis and drawing of conclusion based on the assessment of the role of trade unions in the organizational productivity of Ethiopian Airlines Enterprise. One of the major techniques employed to collect data for this study is using questionnaire response. 105 copies of the questionnaire were distributed to potential respondents existing at both managerial and ordinary employee levels.

The questionnaire included both closed and open ended questions. It is comprised of 3 parts. The first part deals with the demographic information about the respondent. In the absence of the name of the respondent, there are questions regarding the gender, age group, educational level, working department and years of work experience in the company. These data are to be used for analyzing survey responses with respect to patterns of age, gender, educational levels, and work experiences. This is because there might be some kind of indicative correlation between the responses and the demographic status of respondents.

The second part of the questionnaire contains 13 closed ended questions. The major theme of these questions relies on the existence and performance of the trade union in the enterprise. The performance of the trade union is described in relation to enhancing the working conditions and welfare of employees, asserting employees interest in collective bargaining processes, building trust among the management and employees of the enterprise, promoting work discipline and motivation of employees, and also playing effective role in better communication and dispute resolution among the management and employees of the enterprise. Each question is presented with 5 options of rating, so that the agreement and disagreement of the respective respondent with the statement provided is to be indicated by the rate chosen.

The last part of the questionnaire comprises 9 open ended questions. The open ended questions provide opportunity to obtain detailed opinion for what and how questions. These questions reflect the views of respondents regarding the importance of existence of trade union within the enterprise in terms of affective productivity, working conditions and welfare of employees,

employees' turnover rate, and also promotion of effective and smooth relationship between the management and employees of the enterprise.

4.1. Characteristics of Respondents

The characteristics of respondents include the gender, age group, educational level, and work experience of each respondents. The following table provides the demographic characteristics of respondents.

Table 01: Demographic Characteristics of Respondents

No.	Variables	Type	Frequency	Percent (%)
1	Gender	Male	52	62
		Female	32	38
Total			84	100
2	Age(in years)	18 – 25	7	8.3
		26 - 35	13	15.4
		36 - 45	25	29.7
		46 - 55	21	25
		above 55	18	21.4
Total			84	100
3	Educational level	Diploma	23	27.4
		1st Degree	41	48.8
		2nd Degree	13	15.4
		above 2nd Degree	7	8.3
Total			84	100
4	Work Experience in the company (in years)	1 -5	6	7.1
		6 -10	20	23.8
		11 -15	29	34.5
		above 15 years	29	34.5
Total			84	100

Source: Own survey (2015)

4.2. Analysis of Findings

The following section, therefore, presents an analysis of the responses with respect to the theoretical aspects of the subject under study.

The role of trade union in increasing productivity is an overarching issue that encompasses the overall aspects of an enterprise. It has already been said that human resource is the most fundamental factor in raising productivity. On top of that, the airline business demands an enormous amount of know-how and skilled personnel. In recent days, it becomes so clear that the competitive human resource market of airlines reveals the advantage of securing high productivity of labor in the sector. Different airlines can be compared easily regarding human resource management because of the similarity of machine between Boeing and Airbus, the same international aviation rules & regulations, and some similar operational standards. Data from IATA (International Air Transport Association) shows that an effective airline is the airline that can develop effectiveness in 3 key productivity drivers; fuel productivity, aircraft productivity, and labor productivity. (AriyaFurkfon, 2014)

Speaking of enhancing the contribution of human resource in the airline business and its productivity, trade unions are regarded as to have a huge role to play. The Ethiopian Airlines, the subject under study, has a trade union working with the management for the objectives of securing improved working conditions, increased productivity and industrial peace. The following analysis focuses on the performance of the trade union regarding its contribution of the overall productivity of the airline. The analysis is structured by sub-topics used to address various issues in relation to the performance of the trade union in the eyes of the total respondents of the study and the general overview of the subject.

4.2.1. Importance of the trade union for the airline business

Table 02: Importance of trade union to Airline Business

No.	Variables	Type	Frequency	Percent
1	The establishment of trade union in Ethiopian Airlines has significant importance.	Strongly Agree	49	52.3
		Agree	23	42
		Neutral	12	5.9
		Disagree		
		Strongly Disagree		
Total			84	100
2	The union works toward achievement of the goal of the airline through creating awareness on how employees can contribute for such achievements.	Strongly Agree	6	7.1
		Agree	23	27
		Neutral	33	39.2
		Disagree	13	15.4
		Strongly Disagree	9	10.7
Total			84	100
No.	Variables	Type	Frequency(Out of 84)	Percent
3	The establishment of trade union in Ethiopian Airlines has significant importance.	<i>Sufficient skills and capacity</i>	63	75
		<i>Safety Measures</i>	58	69
		<i>Smooth Communication</i>	55	65
		<i>Workers Motivation</i>	50	50
		<i>Work Discipline</i>	33	33
		<i>Others</i>	13	15

Source: Own survey (2015)

Almost all of the respondents (93.9%) provided a positive reply for the importance of and significance of the role of trade union in Ethiopian Airlines. There are enormous benefits to be gained in terms of business expansion form having a trade union for both member employees and the enterprise itself. Trade unions work toward ensuring industrial peace and improved working conditions. With the existence of trade unions, workers can get a better advice for their problems at work; employees can be better represented by their unions in discussions with

employers; their legal rights can be better enforced, health related services, safety measures, education and learning opportunities can be better provided; equal opportunities at work better promoted, workers more retained, etc. As noted by Dr. Muhammad Tariq Khan (2010), Unions are taking interest in workers training, education and skill building wither pursuing government or employers to arrange training or arranging training programs themselves to build their skill and enhance the earning capacity of workers.

On the side of enterprises, the existence of labor union can make positive contribution to reduced cost of recruitment, induction and training costs through reduced rate of employee turnover; increased productivity of workers having safe and healthy working condition; ensured industrial peace due to effective and smooth communication and built trust between managers and workers; increased competitive advantages through works having on-time and relevant trainings and capacity; etc. The following sub-section elaborates the workers side benefits and enterprise wide benefits of trade unions in the Ethiopian Air Lines.

4.2.1.1. Workers – side Benefits of Trade Unions

a) Good Working Conditions and Welfare

The first and foremost objective for the existence of trade unions is to bring a better bargaining power for workers on discussions with enterprise managers. A trade union should stand firm for the protection of interests of its members for improved working conditions, better payment conditions, health and safety measures at work, carrier development and capacity building schemes, etc.

Table 03: Enhancing working conditions and welfare

No.	Variables	Type	Frequency	Percent
1	The union has firm standing on protection of interests of employees in terms of improving working conditions, better welfare, and industrial harmony.	Strongly Agree	2	2.3
		Agree	12	14
		Neutral	17	20.2
		Disagree	37	44
		Strongly Disagree	16	19
Total			84	100

No.	Variables	Type	Frequency(Out of 84)	Percent
2	In what ways does the trade union bring improved working conditions and welfare to its members?	<i>Ensure workplaces are safe</i>	61	72.6
		<i>Build trust among the workforce</i>	54	64.3
		<i>Build trust among the workforce</i>	48	57.1
		<i>Provide access to learning and skills</i>	36	42.8
		<i>Promote equality</i>	27	32.1
		<i>Audit non-compliance with labor codes</i>	15	17.8

Source: Own survey (2015)

Regarding the protection of interests of its members, the trade union in the Ethiopian Airlines requires to do more. 64 percent of respondents disagree with that the trade union has firm standing on protection of interests of employees in terms of improving working conditions, better welfare, and industrial harmony. Out of those respondents 58 percent of female respondents mentioned that the trade union is working on but far from one of its goal to bring equal opportunities and more important affirmative action in order to enhance the participation and benefits of female workers.

Dr. Muhammad Tariq Khan (2010), cited the work of Wong (2000) on Unions in Singapore that they urged employers to invest in training of workers, and also negotiated training clauses in collective agreements and sought to ensure higher subsidies for training lower-skilled, lower-income workers.

Table 04: Provision of appropriate trainings and on-the job practices

No.	Variables	Type	Frequency	Percent
1	The union works with the management	Strongly Agree	9	10.7
		Agree	13	15

	for the timely provision of appropriate trainings and on-the job practices.	Neutral	10	11.9
		Disagree	31	36.9
		Strongly Disagree	21	25
Total			84	100
No.	Variables	Type	Frequency(Out of 84)	Percent
2	If the union is working for provision of timely trainings to employees, in what way can you explain such efforts?	<i>Participate in Budgeting process</i>	22	26.2
		<i>Evaluating Performance Reports</i>	14	16.6
		<i>Others</i>	6	7.1

Source: Own survey (2015)

Despite the experience of such trade unions, according to respondents of the study, the effort of the trade union in Ethiopian Air Lines towards securing adequate training and capacity building programs to its members is not significant enough. Only 37 percent of respondents replied that the union is working enough for training and capacity building.

The ILO Bureau for Workers' Activities has made an Interview with JukkaTakala, Director of ILO InFocus Program on Safety and Health at Work and the Environment and published Labor Education 2002/1 (2003) that recent studies showed that one of the main reasons for good work place health and safety records is the cooperation between workers and employers. Countries where unionization rates are high are those best in terms of prevention and of health and safety performance in general.

Table 05: Working together to enhancing working conditions and welfare

No.	Variables	Type	Frequency	Percent
1	Members of trade union are working together in order to enhance working conditions and welfare	Strongly Agree	24	28.5
		Agree	37	44
		Neutral	8	9.5
		Disagree	12	14.2
		Strongly Disagree	3	3.5
Total			84	100

Source: Own survey (2015)

Notwithstanding the above facts stated in other studies, the trade Union in the Ethiopian Airlines is working to enhance working conditions and welfare of its member. Around 73 percent of respondents agree on the above statement. However, the task is not complete and demands more effort especially in terms of providing wider access to learning and capacity building, overtime payments and additional payments, other allowances such as home, etc. One example of good working condition is safe working environment. A working place should be protected from fire causes, suffocation, high temperature, etc. There should be enough bathrooms and hygiene cares such as water, soap, etc. employees working at filed areas might requiring quality safety clothes and shoes, sunglasses, sun hats, etc. there is also a need for adequate marks and signs to be used for direction and endanger notes. These and similar are grouped in the provision of good working environment.

For example, there are some mismanaged practices in the general cargo store and lost baggage store areas that might cause high scale damage and accidents such as fire, etc. workers in such areas are demanding for better concern by the management for which the trade union should play its role. Good working condition is one of the major factors contributing for retention of staffs. The trade union must react and convince the management to bring due focus on ensuring good working conditions in areas that seem less critical but important. Most of the time the safety issues in airline business is tied to the safety of aircrafts and the aviation operation. However, safe working condition embraces safety of all kinds of operation and works being provided by the enterprise. Therefore, the trade union is, in this aspect, limited to safety of some critical operational areas only and is required to give focus to other areas of work since its members are demanding the firm stand of the union.

Regarding welfare of its members, the union has also some limitations though there are a lot of achievements. Respondents discuss this issue on the open ended questions part of the questionnaire and suggest areas in which the union has to look in the future. The enterprise is providing transport service to employees to and from the workplace. However, in recognition to the enormously increased number of employees, the transport buses are seen inadequate.

Employees are being transported in very suffocating and over-filled buses. The trade union can work on this and convince the management to pay attention for the transport welfare of its employees. Home Allowance is also one of the major concerns in relation to employees' welfare. More than 66 percent of respondents having educational level limited to diploma mentioned the importance of benefits regarding home allowances. We can assume that, in normal circumstances, workers with relatively lower level of educational standard earn lesser income. This in turn exerts impact on cost of getting residence house. The enterprise is headquartered in the city of Addis Ababa where cost of living is relatively very high. The average cost of residential home is likely by far higher than other cities of the country. Many of the employees of the enterprise, and off course many of the members of the trade union, are posted in Addis Ababa. Thus the cost of acquiring or renting home is high and need to be subsidized by home allowance. The union has a great deal of work in convincing the management for provision of home allowance and related incentives for its members.

The other example that can be drawn in order to show where the union is being weaken in ensuring the interests of its members is the training and capacity building areas. It has already been said that the human resource capacity is the most critical resource of economy. As noted in ETI (Ethical Trading Initiative) Members Briefing (2010), helping members to access education and training is a key priority for unions. Union recognition has a consistently positive effect on the amount and range of training that is provided to employees. This becomes crystal clear when it comes to service sector and especially the airline business.

Table 06: Trust in the trade union

No.	Variables	Type	Frequency	Percent
1	The members of management of the trade union are trusted and well known by members of the trade union.	Strongly Agree	11	13
		Agree	11	13
		Neutral	21	25
		Disagree	26	30.9
		Strongly Disagree	15	18
Total			84	100

Source: Own survey (2015)

Only one fourth of the respondents agree with that the members of management of the trade union are trusted and well known by members of the trade union. So far, the training and capacity building is relatively much more practiced for personnel in the major operation line. This is partly because of the presence of binding international obligations and standards. The airline provides in-time and frequent trainings to its critical sector personnel but that is not the case for other support service personnel.

b) Better Bargaining Power

Bargaining power has been defined as the ability to induce an opponent to accept an agreement on one's own terms. In economic terms, a party's bargaining power depends on that party's ability to impose costs on the other side for failure to reach agreement while minimizing the party's own costs of disagreement. In collective bargaining, the union's bargaining power depends on its ability to inflict costs on the employer through lost sales from a strike or other collective action while minimizing the costs of the collective action to their membership in lost wages and jobs. The employer's bargaining power depends on its ability to minimize its costs from the collective action while maximizing the costs of the collective action on the union members.

Table 07: Sufficient Representation of Trade Union in Collective Bargaining

No.	Variables	Type	Frequency	Percent
1	The trade union is sufficiently represented in the collective bargaining process.	Strongly Agree	12	14.2
		Agree	16	19
		Neutral	6	7.1
		Disagree	23	27.3
		Strongly Disagree	27	32.1
Total			84	100

Source: Own survey (2015)

According to respondents for this study, the trade union in the Ethiopian Airlines has relatively less bargaining power in wage determination and related issues. Only 33 percent of respondents agree that the labor union is adequately and properly represented in collective bargaining processes. This opinion is partly stemmed from that the members of management of the trade union are not adequately trusted and well known by members of the trade union. Around 34 percent of respondents agree with the above statement. The union should work more on building

trust among its members, through effective, timely and proper communication and promotion methods. The union might consider preparing and dispatching flyers and tracts to its members promoting the objectives of the union, achievements obtained so far, current management of the union, the current tasks being undertaken, and also future plans of the union. These make the members to feel that the union is alive and working towards achieving its goals, so that they can build trust on the union and prepare to contribute for the success of the objectives. The solidarity of the members through effective trade union can exert adequate and persuasive bargaining power in the process of wage determination and related issues. The management of the airline can also have due concern to the interests of the union in order to satisfy them for the overall purpose of industrial peace and harmony.

4.2.1.2. Enterprise – Wide Benefits of Trade Unions

a) Reducing Employee Turnover

One of the major challenges of today's airline business is high level of employee turnover. The rate becomes so high for critical operation personnel. It is important to remember that critical operation personnel of airline business are highly trained and qualified. They operate machines and equipments that demands huge amount of capital. These personnel are the major source of goodwill of airlines regarding safety records. Therefore, retaining such personnel is a key task that can affect many aspects of the enterprise such as, reducing cost of frequent recruitment, train and capacity building of new personnel; maintaining goodwill in service delivery and safety track records, etc. Around 90 percent of respondents of this survey agree with that the existence of trade union positively contributes to reduce turnover of employees.

ETI (Ethical Trading Initiative) Members Briefing (2010) stated that trade unions negotiate on their members' behalf with employers to find solutions that meet business needs, while ensuring that workers are treated fairly. By giving employees a voice and supporting them when they are unhappy at work, unions significantly improve staff retention and reduce absenteeism. Improved working conditions in unionized workplaces also give employees a powerful incentive to remain in their jobs for longer, and to use their time at work more productively.

In this aspect, the trade union in the Ethiopian Airlines has a lot to do in the future. Respondents note that the union should have a firm stand in convincing the management of the airline to

understand and give due attention to the payoffs of retaining highly trained, skilled and experienced personnel. Studies show that the major factors contributing for personnel turnover include wage level and incentive packages, leadership and management style, carrier development issues, and working conditions.

Table 08: Role of trade unions in reducing employee turnover

No.	Variables	Type	Frequency	Percent
1	The existence of trade union positively contributes to reduce turnover of employees.	Strongly Agree	26	30.9
		Agree	45	54
		Neutral	2	2.3
		Disagree	10	11.9
		Strongly Disagree	1	1.2
Total			84	100
No.	Variables	Type	Frequency(Out of 84)	Percent
2	If the trade union plays positive role in reduction of turnover of employees, in what ways that the contributions can be explained?	<i>Setting market equivalent Salary Scale</i>	42	42
		<i>Ensuring benefits and motivation schemes</i>	47	47
		<i>Provision of timely trainings</i>	35	35
		<i>Building Trust for Carrier Development</i>	40	40
		<i>Others</i>	21	21

Source: Own survey (2015)

Respondents of the survey discuss about all of the above factors as the main reasons for staff turnover and relate them with the role of trade union. In many cases, the trade union is failed in keeping the interests of employees in wage determination and setting of incentive packages. As respondents indicate, the payment scale and incentive schemes are relatively good in Ethiopian Airlines compared to other local enterprises in various sectors, but very low if compared to global competitors of the enterprise. Since the aviation sector is globally interlinked and the sector is by itself internationally standardized, personnel can easily move between enterprises.

This makes the challenge of offering better payment and incentive the major task of airline business managers. In Ethiopian Airlines paying lesser than its competitors to its personnel, the trade union is partly responsible for the existing staff turnover and a much lesser effort to retain such personnel. The wage determination and incentive scheme preparation process should adequately include the representation of the trade union and respond to the influence of the trade union.

Regarding leadership and management styles, respondents noted a lot on the open-ended questions section of the questionnaire. It has been illusively concluded that Ethiopian Airlines follow a leadership and management style that makes the enterprise very productive and staffs satisfied. However, about half of the respondents indicate that there are gaps in leadership and management styles being practiced in the enterprise that contributes to staff turnover. Some examples of the above statement include:

- Lack of recognition and feedback;
- Personal support from supervisors;
- Understanding the link between one's job and the organization's mission;
- Etc.

Therefore, the trade union should communicate members on the management and leadership styles being practiced within the enterprise and present to the management of the enterprise for immediate and proper review. The trade union should protect the interests of its members before they fill dissatisfied and start to look for another job.

Carrier development is a key factor in addressing staff turnover. Respondents provide their opinion on how lack of sufficient, immediate and justified carrier development scheme becomes a cause for staff turnover. Employees need future prospects of having a bigger challenge and a bigger reward. It is a rational intention for an employee to ask for a better place in a company. The Ethiopian Airlines devises carrier development for its employees as a retention mechanism. However, as respondents indicate, there should be review on its comprehensiveness, frequency, and steps of succession. Some of the positions have quite clear succession plans while others do not have plain carrier development plans.

The trade union has a limitation in challenging the current carrier development programs and ask for a better responsive carrier development plans for all of its members. 71 percent of respondents holding diploma and 53 percent of respondents having first degree mentioned the importance of carrier development and the gaps that the trade union should work regarding capacity building of the workers. Leaders of the trade union can communicate the management of the enterprise to deal with how everyone can have a succession plan that is attractive, affordable and paying off. Since the management of the airline has the objective of better productivity, the trade union can show how employees can contribute to the overall objective of improved productivity through pursuing their own carrier development programs. Though this task is not easy, the trade union should look for opportunities to communicate with the management about what employees fill about tomorrow's place of their own. Whenever, employees are clear about and convinced by the succession plan they have, they can work ambitiously and use their idle potentials for their effective performances. This in turn provides an opportunity for the airline to increase its productivity.

b) Safe Working Environment

Safety is the foremost objective in airline business. Safety matters most in this industry due to its high level of total damage rate in terms of human life, finance and morale if safe aviation transport is failed. The international civil aviation organization (ICAO) and other similar supervisory institutions put safe transport the first thing to secure for air transport providers. That makes the issues of safe operation very critical in the industry. Ensuring safe operation and working environment contributes a lot for high level of productivity. It is true that there are costs to be incurred to ensure safe working environment such as, acquiring safety measuring equipments, safety signs, precaution instruments, safety supervision personnel, etc. However, the totality of such expenses cannot, by no means, exceeds the amount of gains through higher productivity, increased revenues, and reduced costs of recovery from safety failures.

Trade unions are required to promote safe working environment. This can be done through influencing the issuance of safety rules and measures, checking the implementation of such measures, and provide suggestions for the management regarding safety failures. Respondents state that the trade union in Ethiopian Airlines works less in terms of ensuring safe working

environment. However, the binding international safety standards and measures in the aviation sector play a great role in ensuring safe working place.

There are some working places in the enterprise that might cause critical safety failures and huge amount of cost of accidents. They have been given a lesser attention by the management of the airline but employees working in such places are well aware of such cases. The trade union has a very limited focus on identifying such areas, presenting their potential damage to the management of the enterprise, and follow-up the implementation of safety measures to be undertaken.

c) Work discipline and industrial peace

The other area contributing to productivity of an enterprise is the work discipline and industrial peace. Airline business requires high level of work discipline since failures to work discipline and industrial peace can cost a huge amount in terms of life and finance.

Table 09: work discipline, motivation and satisfaction.

No.	Variables	Type	Frequency	Percent
1	The existence of the union helps employees to have more work discipline, motivation and satisfaction.	Strongly Agree	9	10.7
		Agree	13	15
		Neutral	10	11.9
		Disagree	31	36.9
		Strongly Disagree	21	25
Total			84	100
2	The trade union works effectively for the implementation of rights and obligations of employees and the airline management.	Strongly Agree	17	20.2
		Agree	27	32
		Neutral	12	14.2
		Disagree	21	25
		Strongly Disagree	7	8.3
Total			84	100

No.	Variables	Type	Frequency(Out of 84)	Percent
3	In what ways does the union create awareness on the right and duties of employees?	<i>Promoting the Labor Code</i>	39	46.4
		<i>Organizing Events of Employee Day</i>	13	15.4
		<i>Take Part in Disciplinary Cases</i>	44	52.4
		<i>Others</i>	10	11.9

Source: Own survey (2015)

The general overview of status of work discipline of Ethiopian Airlines can be judged as good. However, the trade union has a lesser saying on how incidents of work discipline are being treated. Though the labor code defines the measure to be taken, the action of the trade union is very limited in preventing the re-occurrence of such incidents. For example, the trade union can identify recent disciplinary cases and prepare information to dispatch to its members in order to create awareness on the case so that the members can understand and obey to the work discipline.

d) Communication between the Management and Employees

Smooth communication and close relationship between the management of an airline enterprise and its employee's matters most for the productivity of the enterprise. Employees can easily inform what they think it should be at work and what they think is wrongly done. This provides opportunity for managers to see new ways of increasing productivity and reducing unnecessary costs of operation. If there are smooth communications between the management and employees, managers can easily provide orders properly down to the front desk officers. Thus the strategic direction of the enterprise will get proper implementation through which the enterprise productivity can reach a higher level.

Table 10: communication between the employees and management

No.	Variables	Type	Frequency	Percent
1	The union works effectively to resolve disputes between the employees and management of the airline.	Strongly Agree	7	8.3
		Agree	25	30
		Neutral	16	19
		Disagree	24	28.5
		Strongly Disagree	12	14.2
Total			84	100
2	The union provides contribution for existence of effective and timely communication between the employees and management of the airline.	Strongly Agree	10	11.9
		Agree	15	18
		Neutral	29	34.5
		Disagree	27	32.1
		Strongly Disagree	3	3.5
Total			84	100
3	The existence of the union increases solidarity and relationship of employees with the management of the airline.	Strongly Agree	7	8.3
		Agree	24	29
		Neutral	32	38
		Disagree	18	21.4
		Strongly Disagree	3	3.5
Total			84	100
No.	Variables	Type	Frequency(Out of 84)	Percent
4	In what ways do the management of trade union and the airlines are cooperating?	<i>Participation in Decision Making</i>	17	17
		<i>Practicing Labor Code</i>	38	38
		<i>Training and Capacity Building</i>	24	24
		<i>Managing Work Environment</i>	29	29
		<i>Others</i>	12	12

5	If the union is contributes for existence of effective communication between employees and managers of the airline, what are the efforts of the union exhibited so far?	<i>Ensuring the Practice of Labor Codes</i>	7	8.3
		<i>Organizing Events of Employee Day</i>	25	29.7
		<i>Others</i>	11	13

Source: Own survey (2015)

The trade union in Ethiopian Airlines do very little regarding promoting the smooth communication between the management and employees of Ethiopian Airlines. More than one third of the respondents disagree with that union provides contribution for existence of effective and timely communication between the employees and management of the airline. Therefore, a lot of works remain from the trade union in order to ensure the ease and smoothness of communication between the management and employees of the airline.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Summary

The ordinary concept of trade unions is that their foremost intention is to improve the welfare of their members principally by raising the wage above the market level. However, there are other effects that might be caused by the existence and activity of trade unions on investment, productivity, employment, and other variables. This study focuses on how the existence and function of trade union can cause impact of the productivity or performance of an institution. The subject under study, the trade union in Ethiopian Air Lines, is assessed through the view of respondents whether it provides support in improving the performance of the enterprise along with securing the rights and benefits of its members. In order to summarize the findings of the study, they are categorized under employee side effects and enterprise side effects of the trade union.

Employee side effects of the trade union

Apart from raising the wage level above the normal, the existence of trade union helps securing good working conditions to its members. More than half (63%) of respondents have perception that the trade union doesn't have adequate capability of protecting their interests in improving their working conditions and welfare. Good working conditions include health and safety measures at work, carrier development and capacity building schemes, etc. These findings clearly showed that the role of the trade union in protecting the rights and interests of members is positive but less than what is expected. Some of the areas that workers need to be satisfied include wages, compensations, over-time payments, safe working environment, health care benefits, allowance such as transport, house, etc. The voices of respondents of this study can be generalized as there are more remaining in protecting their interests as compared to what has been made so far.

Enterprise side effects of the trade union

Trade unions are generally considered as organizations only struggling to secure benefits for their members, such as financial gains like rise of wages, bonuses, various allowances, and non

financial benefits such as job security, comfortable work place, etc. But as explained in the literature review part of this study, several studies have shown that unions also have beyond collective bargaining role in which improving performance of an enterprise is included.

Regarding this, 90 percent of respondents mentioned that the trade union has positive role in reducing turnover of employees. However, a lot of work is still remaining in this aspect. Considering the global environment of the aviation section, the union can do and has to make better efforts to protect the interests and welfare of members comparing to its rivals rather than being reluctant by considering the enterprise's welfare package with that of other local enterprises. Respondents stated that safe working environment should be kept not only in flight operation sections but also in other support services. Respondents noted that the work discipline in the airline is well practiced if compared to other local industries. Many of the respondents stated that the capacity building and carrier development works are not adequate and are skewed to some sections. As respondents suggest, the trade union requires digging more on how to set up good communication between employees and management. These are some of key areas that trade unions can do a lot in order to play their crucial roles in improving the performance of enterprise.

5.1 Conclusions

The role of trade union in increasing productivity of an enterprise is the major agenda that this study has tried to assess. The previous chapter shows the focus areas that the trade union can make changes in increasing productivity. As stated by Freeman and Medoff (1984), this issue encounters a two-face implication on productivity. The monopoly face, that the unity of voices of workers can have a short term productivity reducing effect while the institutional face that promotes the improvement in productivity outweighs the monopoly effects. As elaborated in the discussion section of the previous chapter, the employee side roles of trade union largely focus on how to protect and promote the interests of members rather than promoting the increment in productivity. The institution-side effects are long term but strong effects in putting positive impacts on improving productivity of an enterprise. However, we have to understand that the two faces should live together in order to make the improvement in productivity real. The institutional face of role of trade union basically goes along with the protection of worker-side benefits of an enterprise. Wherever the trade union fails to protect interests of its member, there

is a little impact in raising the productivity of an enterprise through the existence of trade union. Therefore the two effects are two sides of a coin that should move together in order to bring impact on productivity. The following statements drawn as a conclusion based on the findings of the study.

Employee side roles of trade union to increase productivity

The welfare and betterment of workers can be highly altered by the existence and strength of trade unions. Workers voice can be heard so loudly by being unite under trade unions. Trade unions represent the will and interests of members regarding wages, bonus, health care packages, compensations, etc. Productivity comes through the efficiency of labor force which makes the major inputs for production or service provision. Neglecting the interests of labor force ultimately reduces the positive effects in productivity. Employees working in distressed working areas and non satisfying wages can never bring their best to improve their efficiency. So far, as stated by most of the respondents, the unions' effort in protecting the interests of its members is visible but requires more. Employee's interests regarding wages and other benefits can be set and directed by how other enterprises in the industry are providing those benefits. As it has been clearly said, the aviation industry is one of the most competitive industries in the labor market as well as the service market. Professionals in the industry can easily move between enterprises within the industry. Experienced workers coming from one enterprise can be a great asset to the other competitive enterprise. This makes labor is the most valuable factor in defining and raising productivity of an enterprise. We cannot differentiate workers from interests in benefits and wages of workers. Rational workers move to where their benefits can be best protected.

Since enterprises in a certain industry, in this case the aviation industry, are usually comparable in their production, income and expenses, protecting the interests of labor can make a visible alteration between enterprises. Especially the aviation industry is well known in standardized service delivery, well equipped and safe working environment and a great deal of competition, experienced work force are given high value. In this kind of industry, protecting the interests of the workforce is the first thing that managers and trade unions should focus in order to survive.

Dissatisfaction of employees adversely affects motivation, performance and productivity. Workers always need protection and guarantee on their work. The enterprise gives due attention

to pilots and ground technicians, which is indeed justified in view of the risk for brain drain towards other airlines. However, the other vast portion of the working labor has also the major contribution for the productivity of the enterprise. We can never be able to neglect this contribution. As few of the respondents put in the open ended section of the questionnaire, there should not be discriminatory work on the side of the trade union in which the union tries to protect the interests of highly paid workers, i.e. pilots and technicians, and pays less attention to that of the other workers. Though the intent behind securing the highly paid worker's interests is that the cost of replacing them is very high, the summation of the other workers can also alter the productivity of the enterprise by a far reaching complexity.

Enterprise side roles of trade union to increase productivity

Productivity in the aviation operation can be explained in terms of number of flights, number of destinations, available seat/ ton kilometer, flight operating cost, operating margin, etc. Using these indicators one can notice that the Ethiopian Air Lines is moving forward. The airline increases number of destinations; enhances the flight technologies and number of aircrafts; and improves customer relationships. These all can be better indicators of how the enterprise is working towards higher level of productivity over its competitors. However, regarding the very concern of this study, the question “what are the roles of the trade union in bringing productivity?” remains open. Some of the areas that the trade union put its own role include:

a) Reducing Employees Turnover

However, this statement should not be taken as granted. There are factors that has significant role in dissatisfaction of employees and looking for other employers. Since the industry by itself has fierce competition among various operators and working procedures are internationally standardized, workers can easily move between rivals in looking for better welfare and benefits. Though, as compared to local enterprises outside of the aviation industry, the airline provides better safety, benefits and somehow wages, there is still big gaps to be compared with other operators within the industry. Therefore, in general, the trade union has done less in reducing the turnover so far.

b) Safe Working Environment

Safety is the major concern in the aviation sector. Since the flight operation requires high level safe working environment due to the risk it entails whenever the safety procedures are breached. Off course, safety of flight operation is peculiar characteristics of the industry. However, as to what the study concerns on, i.e., role of trade unions, it is required to give focus on all areas of working environment. Most of the employees of the enterprise are working in sections out of flight operation. Thus there are gaps in securing safety issues in working environments that the trade union should give focus on.

c) Work discipline and industrial peace

The other factor for productivity of an enterprise is work discipline. The aviation sector by itself is well regulated and responsibilities are distributed throughout each and every work team. Though the role of the trade union is not seen significantly, work discipline is better practiced in the enterprise.

d) Human Resource Capacity Building

Every worker needs at least refreshing what he/ she know and exercise in some time period intervals. Capacity building and carrier development issues are major among factors affecting productivity. As part of the international standards, flight operation section is the most benefiting area in capacity building. Even distribution of efforts to raise capacity of human resource is required in order to raise productivity of the enterprise.

e) Communication between the Management and Employees

The trade union in Ethiopian Air Lines Enterprise has done so little in keeping smooth but strong communication channels between the management and employees. Many studies stated that productivity and smooth communication between management and employees are positively correlated. Employees require clear direction, support and recognitions for their works. Managers, on the other hand, need to have things done in an efficient and quality ways. Having open communication channel is the means to secure these.

5.2 Recommendations

One of the possible limitations of this study could be accessibility of confidential data's and classified agreements like; CEO - Union executive management meetings minute, special agreements, and such related matters. Cost of survey, time to analyze data and low capacity of resource to write down the research could be mentioned as some of the challenges of this study.

However, the study provides major insights on how the trade union in Ethiopian Air Lines Enterprise is exercising its roles in raising productivity of the enterprise while securing the interests and welfare of its members. The following recommendations are drawn based on the findings of this study:

- a) The trade union is required to increase awareness of its members about its goals and works. One of the reason why trade unions lose their strength is having members that are not aware of why do they become member of the union.
- b) The trade union has to do more on securing the welfare and benefits of its members. The first thing to increase labor productivity is to enhance the satisfaction of workers in terms of wages, incentives, and other benefits. Satisfied employees can work even more that what is expected from them.
- c) Better bargaining power should be a focus area for the trade union. The management of the trade union requires personnel with firm stands and better communication skills. The interests of members should be clearly presented to the management and the trade union should work more on convincing the benefits that the enterprise can also get from providing those benefits to its employees.
- d) It is required to consider the effects of good communication and cooperation spirit between management and employees of an enterprise. The trade union should work on how to exercise this in order to resolve disputes and keep industrial harmony.
- e) Safety matters a lot to both worker and management of an enterprise. The trade union should address safety issues not only in flight operation sections but also in support services and departments.

- f) Capacity development should be main agenda that the trade union works on. Productivity by no means can get better without capable and skillful workers. Besides, the aviation industry requires personnel to have updated knowledge and comprehensive knowhow in order to delight customers and survive the fierce competition.

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APPENDIX

St. Mary's University, School of Graduate Studies
General MA-Business Administration



Survey Questionnaire

Dear Respondent,

You are kindly requested to participate on a research study for partial fulfillment of Master Degree in Business Administration. The study intended to assess The Role of Trade Unions in the Organizational Productivity of Ethiopian Airlines Enterprise. This questionnaire is prepared to gather opinion of employees regarding this relationship and your genuine response is of high importance for the research success.

Kindly respond to all the below listed questions after proper reading of the instruction provided. Please bear in mind that all your answers are going to be used only for this study purpose and will be kept strictly confidential.

PART I Respondent's Demographic Data

Instruction: please put a tick mark (✓) in the check box corresponding to the choice that most represents you

1. Gender Male Female
2. Age group 18-25 26-35 36-45 46-55 Above 55
3. Educational Level Diploma Bachelor Degree Master's Degree
Other: Please specify _____
4. Division _____
5. Work Experience in the company 1-5years 6-10years 11-15years
Above 15years

PART II Basic Trade Union

Measurement Scale

5= Strongly Agree 4=Agree 3=Neutral 2=Disagree 1=Strongly Disagree

Please circle the choice of your Number

	<i>Questions</i>	<i>Rating Scale</i>
1	The establishment of trade union in Ethiopian Airlines has significant importance.	<i>1 2 3 4 5</i>
2	Members of trade union are working together in order to enhance working conditions and welfare.	<i>1 2 3 4 5</i>
3	The trade union is sufficiently represented in the collective bargaining process.	<i>1 2 3 4 5</i>
4	The existence of trade union positively contributes to reduce turnover of employees.	<i>1 2 3 4 5</i>
5	The members of management of the trade union are trusted and well known by members of the trade union.	<i>1 2 3 4 5</i>
6	The trade union works effectively for the implementation of rights and obligations of employees and the airline management.	<i>1 2 3 4 5</i>
7	The union works with the management for the timely provision of appropriate trainings and on-the job practices.	<i>1 2 3 4 5</i>
8	The existence of the union helps employees to have more work discipline, motivation and satisfaction.	<i>1 2 3 4 5</i>
9	The union works effectively to resolve disputes between the employees and management of the airline.	<i>1 2 3 4 5</i>
10	The union provides contribution for existence of effective and timely communication between the employees and management of the airline.	<i>1 2 3 4 5</i>
11	The existence of the union increases solidarity and relationship of employees with the management of the airline.	<i>1 2 3 4 5</i>

12	The union has firm standing on protection of interests of employees in terms of improving working conditions, better welfare, and industrial harmony.	<i>1</i> <i>2</i> <i>3</i> <i>4</i> <i>5</i>
13	The union works toward achievement of the goal of the airline through creating awareness on how employees can contribute for such achievements.	<i>1</i> <i>2</i> <i>3</i> <i>4</i> <i>5</i>

Open Ended Questions

1. In what ways does the trade union bring improved working conditions and welfare to its members? Please discuss

2. In what ways does the existence of trade union affects productivity of the enterprise? Please explain

3. In what ways do the management of trade union and the airlines are cooperating? Please explain

4. If the trade union plays positive role in reduction of turnover of employees, in what ways that the contributions can be explained? Please discuss

5. If, in what ways does the union create awareness on the right and duties of employees? Please explain

6. If the union is working for provision of timely trainings to employees, in what way can you explain such efforts? Please discuss.

7. If the union is contributes for existence of effective communication between employees and managers of the airline, what are the efforts of the union exhibited so far? Please discuss.

8. If the union working towards the protection of interests of the employee, what are the major achievements in this regard? Please discuss.

9. If you have any suggestions on how the trade union can improve its efforts in ascertaining employees' interests and productivity, please explain.

Thank You!