



READINGS IN INDUSTRIAL RELATIONS

THEORY AND PRACTICE



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READINGS IN INDUSTRIAL RELATIONS: THEORY AND PRACTICE

ISBN: 978-076-997-8

First Published in 2007

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Ago-Iwoye, Nigeria.

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Published by:
Institute of Education
Olabisi Onabanjo University,
Ago-Iwoye, Nigeria.

Printed by:
Y.A. Raji Nig. Ltd.,
Iwo Road, Ibadan.
08030505909.

CONTENTS

CHAPTER ONE

Theories and Practice of Industrial Relations in Nigeria.

- Professor M. O. Akintayo..... 1

CHAPTER TWO

Evolution of Industrial Relations in Nigeria.

- Abu P. A. (Ph.D)..... 23

CHAPTER THREE

Collective Bargaining and Collective Agreement
in work Organization.

- Akintayo, D. I. (Ph.D)..... 39

CHAPTER FOUR

Comparative Industrial Democracy.

- Ilusanya, Gboyega & M. O. Arikewuyo (Ph.D)..... 62

CHAPTER FIVE

Industrial Conflict and Management Strategies.

- Oloyede, D. O. (Ph.D)..... 80

CHAPTER SIX

Trade Unionism in Nigeria.

- Babajide, E. O. (Ph.D)..... 105

CHAPTER SEVEN

Element of Industrial Organization.

- Femi Adeyeye (Ph.D)..... 123

CHAPTER EIGHT

Communication in Work Organization.

- D. I. Akintayo (Ph.D) & K. A. Alebiosu (Ph.D)..... 142

CHAPTER NINE

Industrial Psychology.

- Adenuga, R. A. (Ph.D) & Ogunsanwo, M. A..... 169

CHAPTER TEN

Recruitment and Selection Process in Work Organization.

- Oredein, A. O. (Ph.D).....185

CHAPTER ELEVEN

Manpower Planning in a Developing Economy:

The Nigerian Experience.

- Olaniyi, A. A. (M. ED).....197

CHAPTER TWELVE

Recruitment and Placement of Personnel in Work Organization.

Ilusanya Gboyega (M.ED) & M. O. Arikewuyo (Ph.D)... 218

CHAPTER THIRTEEN

Workers Participation in Decision Making Process.

- Akinsanya, A. O. (M. ED) & Adeniyi A. A. 239

CHAPTER FOURTEEN

A New Dimension to Workers' Training in Modern Organizations.

- Owodunni, A. A. (Ph.D)..... 247

CHAPTER FIFTEEN.

Element of Performance Evaluation.

Olatoye, R. A. (Ph.D) & Ojo, G. O. (M. ED) 259

CHAPTER SIXTEEN

Introduction to Research and Statistics.

- K. A. Alebiosu (Ph.D) & B. J. Ogunkola (Ph.D)..... 278

CHAPTER SEVENTEEN

Element of Sociology.

- Nurudeen Alliyu (Ph.D) & Jiboku, O. J..... 321

Chapter Seven

ELEMENTS OF INDUSTRIAL ORGANIZATION

by

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Introduction

Human society has become so complex and dynamic. No man can be an Island to himself. Social, political, economic and cultural lives of private and public entities have been dominated by that creation of man labeled "organisation". The concept organisation can be formal or informal depending on the structure, nature, features, origin, objectives it stands to accomplish. Organisations are entities that enable a society to pursue accomplishments that cannot be achieved by individuals acting alone.

An organisation is any social structure or system consisting of two or more persons who are interdependent and who work together in a coordinated manner to attain common goals. Organizations consist of persons who interact with one another (directly or indirectly), whose fates are somewhat linked (what happens to one affects what happens to the others), and who work

together in order to achieve shared goals. This concept applies equally well, to either giant corporations, government agencies, informal clubs or symphony orchestras as the case may be. However, the key factor to keep in mind is not sheer size, rather, it is whether the persons involved work together in a coordinated manner to attain shared goals. If they do, the term 'organization' may well apply; if they do not, it is probably inappropriate (Baron, 1986 0-11).

Origin Of Formal Organization

Organization arose as part of an evolutionary process of internal differentiation of the social system. In terms of action approach, formal organizations are created by specific persons or groups. Other theorists expressed the view that organization came into being in post industrial societies due to the high urbanized literate and complex population used to process money economy. In Nigeria the development of complex organizations (bureaucracy) can be traced to the state of the development and the kind of environmental conditions prevalent before, during and after the colonial era.

Characteristics Of Formal Organizations

Arising from the definitions and conceptualization, formal organizations possess a number of distinctive characteristics aside other social forms. Organizations must by necessity and to function effectively, have:

✓
Dept &
Team
Task &
responsibility
how
comm
should
take
place
Size
&
type

Structure: Organizations generally have a formal structure, an internal arrangement of divisions, departments, work teams, etc. This internal structure, often operated by an organization, specifies how tasks and responsibilities are to be divided, how communication should take place, and where power or authority rests. The structure often exerts a profound effect upon the persons working within a given organization, determining the kinds of work they do, with who they communicate, and to whom they report. It must be noted however that structure within the organization depends on the size and the type of such organization. It must also be noted that organizational structure is often shaped by specific technologies used

by an organization and its environment in which it operates (of the competitors, political and economy conditions).

Culture: As complex social system, organizations usually develop beliefs, perspectives, and intricate sets of norms-rules indicating how organizational members should behave in various situations or should perform various functions. The influence of organizational culture can often outweigh personal preferences or styles.

Goals: Every organization must pursue certain goal(s). The entire activities of the organization, the structure and styles, as well as the role prescription would be geared towards achieving their goals.

Ideology: An organization without a distinct ideology would not survive the test of time. Every organization adopts its own ideology which also determines the ways things are done and the various organizational policies and implementation in the work place. Management strategies also depend strictly on the ideology of a given organization.

Management Strategies & Styles: This is an important aspect of the element of organization. This include designing and developing the organizations, employing all kinds of people by ensuring a diverse workplace, managing people effectively, developing the people's skills and knowledge, paying and rewarding the people adequately and appropriately. The method adopted by such organization will eventually bring about effectiveness or otherwise to the growth of the organization.

Vision: Vision makes the workplace a conductive and focused environment. The vision symbolizes what the organization projects to be in the future. This includes work force planning, ensuring that resources (skills at all levels) are available to meet current and future service requirements. It also involves remodelling the workforce by ensuring that job and skill profiles are up-to-date with the changing dynamics of services delivery. In addition, it helps in the assessment of the productivity of all the job incumbents in the workplace. This is linked to wider efficiency agenda to focus on improving workplace productivity through reduction on activities that will negatively affect productivity.

Politics: Every organization is associated with a level of politics. This simply implies the way by which the individuals within the organization run their activities. It also involves the level of relationship and how such relationship affects the harmony of the workplace. The administrative styles between the superior and the subordinate exhibits the level of politics involved in the organization setting.

Technology: The technology involved in an organization is also an important element. It determines the level of skills of the personnel needed. It also determines the productivity level as well as the continuity principles of the organization.

Job design: The way jobs are designed also exhibit the element of an organization. Apart from the skills and expertise that are expected in the design level, the involvement of the human and the technological elements are also very important.

Jobs are designed specifically to meet up with the organizational goals. Every activity or roles needed to make the organizational goals attainable are incorporated into the job design.

People: Constitute the structure of individuals and groups to carry on the operations of organizations. They are the organization.

Leadership: This has a great influence on a changing organization. The leadership type and styles is an element of organization. It has a lot on the organizational growth and expansion. It could be democratic, authoritarian and Lazzier-faire.

Customers and Service Users: This is also an important element of an organization. Every activity within the organization is geared toward, the satisfaction of the customers and service users.

Cohersion: An organization needs cohersion to fulfill its goals. It is therefore imperative for an organization to have modalities to bring about the harmonious peace and cohersion desired in the work place.

Classification Of Organization

Some organization analysts have used typologies as means of empirically studying organization some of which are:

a. Classification in terms of goals:

Organization is seen in terms of its contribution to the society. Parson, (1960) observes that there are four types of organizations and the typology is determined by their contributions to society: His observations are on:

- i. **Production:** Organization meets the adaptive needs of the society and creates values to the development of human environment by production of goods and services.
- ii. **Political:** Organization meets political goals and needs of the system and society.
- iii. **Integrative:** Organizations which shape, motivate and reduce conflict within the society.
- iv. **Pattern Maintenance:** Organizations which are concerned with educational and cultural activities of the society.

b. Classification in terms of Benefit:

Blau and Scott Identify four types of benefits and beneficiaries. That is who receives benefits from the existence of the organization. This typology is based on the segment that in order to survive, organization must perform some kinds of useful functions which are beneficial to targeted stakeholders such as:

- i. **Business Organization:** which exists primarily for the benefits of their owners, managers shareholders. Examples are industry, commerce, banking, retail stores, etc.
- ii. **Service Organization:** Here, clients and customers benefit. Examples are educational institutions, hospitals, social services Non-Government Organizations etc.

- iii. **Mutual benefit organization:** Here members themselves are the main beneficiaries. Examples are trade unions, political parties, professional associations, religion groups, social clubs etc.
- iv. **Commonwealth organization:** Here the public is the major beneficiary. Examples are government departments and agencies.

Approaches to Management of Organization

After industrialization, organization was fragmented as illustrated by Adam-Smith's famous analysis of pin making in the *Wealth of Nations*. He argued that increase in the division of labour could lead to higher labour productivity. As the nineteenth century drew to a close, Adam-Smith's view was revisited and managers began to use more complex arrangements for the division and control of labour in order to supplement craft based approaches to management of man in work environment. This brought about the following management approaches and positions:

Classical School

There are two distincts and related parts under this school, which arose from the objective to improve management efficiency, priorities and concerns. The two parts are the scientific management and the administrative management.

9 Scientific Management

Precursors or earlier users of a scientific approach to management included Watt and Boutton, sons of the scientist who invented and developed the steam engine, Robert Owen, the most successful industrialist of the 19th century, Charles Babbage, professor mathematics who invented mechanical calculator, are Henry V. Poor who analyzed the progress of American Rail road system.

The scientific management movement was given impetus by Frederick Taylor, whose main focus was on technical control and efficiency, and the coordination of men, machine tools and tasks of the shop floor. He emphasized that empirical and experimental approaches to management are the "best ways" of managing people at work. He developed a series of principles summed up by Braverman (1974, 19) as follows:

1. The need for management to study the work process and to develop the knowledge into standard, rules, laws and principles.
2. To concentrate the knowledge as the exclusive preserve of management, thereby separating conception from execution.
3. To use the knowledge to plan, direct, co-ordinate and control the labour process; and
4. Scientifically select and train worker to fit into work role and determine the reward system to motivate workers for efficient productivity.

Taylor also developed a number of the techniques to study job analysis, selection methods, standard control, monetary incentive and management by exception principles.

5) Administrative Management

The focus of principles and techniques of scientific management remained the workshop, technical/procedural problems and methods of control rather with administrative functions of management. Like Taylorism, the primary aim of the administrative theories was to discover a body of principles to build up the formal management structure and administer the organization. Fayol, a French top industrialist and foremost administrative theorist, defined administration in terms of five primary elements. These elements are: planning, organization, command, coordination and control development using 14 principles as guideline for managers.

The principles are:

1. Division of work for direction and efficiency.
2. Authority and responsibility (right to give orders and exact obedience).

3. Discipline.
4. Unity of command (order from one superior only).
5. Unity of direction.
6. Subordination of individual to general interests.
7. Fair and equitable rewards.
8. Centralization.
9. Scalar chain (from ultimate authority to lowest).
10. Order.
11. Equity.
12. Stability of tenure.
13. Initiative.
14. Esprit Decorps (team work and interpersonal relationship).

Fayol's principles had withstood several critical discussions and influenced the ways that subsequent proponents of his theory analyse problems of organization.



The Bureaucratic Model

The more specific influence on organization and management theory was derived from the legacy of Weber (1947) and this represents the third major pillar in the development of classical organization concept. The chief merit of bureaucracy, according to Weber, is the technical efficiency with a premium placed on precisions, speed, expert control and continuity. The six main dimensions of Weber's ideal types of bureaucracy are:

- i. A division of labour that is based on functional specialization.
- ii. Hierarchical authority that is structured with defined areas of command and responsibility.
- iii. A system of rules (right and duties of positional incumbent).
- iv. Impersonality of relationship.
- v. Promotion and selection for employment based on technical competence.
- vi. Differentiation of private and official income and

fortune (Hall, 1963). The major part of the model is to show that, the pattern of administration is not independent of the environmental factors external or internal. According to Weber, external and internal factors are the integral and analytical part of the wider society, either capitalistic or industrial system.

The Human Relations Model

From the series of studies pioneered by Elton Mayo springs the emphasis on the workers as a group which has dominated organizational society since 1940's. The Human Relations Model places emphasis on human problems in labour management, increases emphasis on securing cooperation through acceptance and consent, rather, than through merely issuing orders and effective communication (Sofer, 1975). V-I

In the light of the Hawthorn Studies (Elton Mayo et al 1940), the Taylorist (scientific management) view of economic man has been discredited under the impetus of writers like Maslow (1943) Herzberg (1959), Likert (1961) and other result studies. The main elements of the human relations theory are based on the principle that:

1. Business is a social system as well as technical economic system where formal organization is put in place for the realizations of its objectives and goals.
2. Individual is motivated by economic as well as diverse social and psychological factors.
3. Informal work group is a dominant factor in influencing attitudes and performance.
4. Leadership patterns modified from authoritarianism (formal organization) to democracy.
5. Workers satisfaction is associated with productivity, effective communication, social and technical skills.

4

System Theory

System approach has been observed as the most common framework for organizational analysis. According to Brown (1992), the characteristics of the systems model are:

- i. A set of inter-dependent parts in which a change in one part will affect one or some or all the others.
- ii. The whole is more than just an aggregation of the parts.
- iii. A relatively clear boundary which separates it from the environment.
- iv. Set of values or goals which integrates the system.

5

Contingency Approach

This is the relative view of organizations which assumes there is no universal structure of organization. It does not suggest which is better, whether mechanical classical/administrative or organic human relations/system, but believes that the best methods of organization structure, depend on a number of contingencies (French and Bell, 1990) or a multiplicity of environmental or situational variables, such as technology, environment, the task, the willingness to innovate and the fit between technical and social needs, participation, interpersonal and inter group skills workers satisfaction is associated with productivity, effective communication, social and technical skills.

6

Marxist / Dialectical Approach

This is the work of those that apply Marxist conceptual categories and propositions to organizational analysis. Ninalowo (1990) stated that the dialectical view meets the various critics that have been levelled against the approach. This takes into account the historical, empirical, technical analysis, and the totality (holistic) of the contradictions between labour and capital, the various departments of the organization and both internal and external environment of an organization.



Components Of Organizational Structure

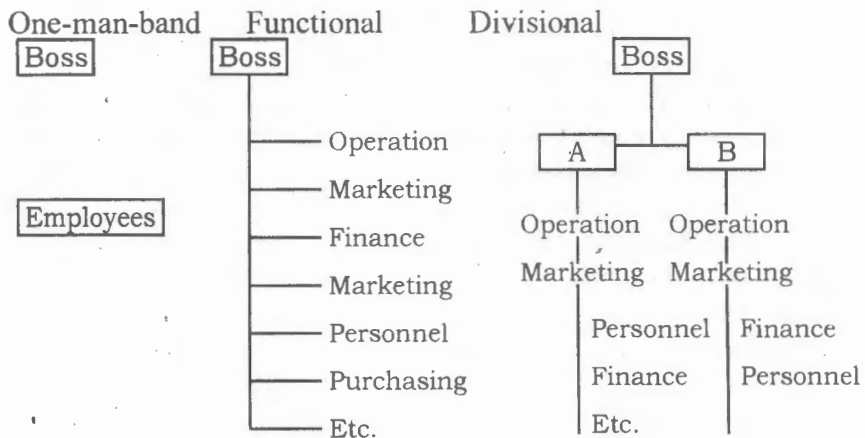
As explained in the paragraph above, structure is the more or less permanent attainment of the parts of whole. In the case of an organisation, structure can be defined as the way in which the organization divides its labour into separate positions and units, and the means and co-ordination used to link technology, task and people together in order to achieve desired goals and objectives (Mintzberg 1979 and Oribabor, 2000). Organizational structure consists of two interrelated and interdependent elements i.e. differentiation and integration (Lawrence & Lorsch, 1967). These elements constitute the most obvious and significant features of organizational structure, and are responsible for the major distinctions between organization. These two principles are basic and essentially inter-dependent processes.

Basic Components Of Organizational Structure

There are five major components of organizational structure, which are:

1. Allocation of tasks and responsibilities to individuals and departments.
2. Formal reporting of relationship and hierarchical level as span of control.
3. Grouping of individuals into sections and departments, department into divisions and grouping units into total organization.
4. Effective communication.
5. Co-ordination and integration among departments across hierarchical levels.
6. Delegation of authority.

Fig 1: Forms Of Organization Structures



- a. **One-man-band Structure:** It is called the entrepreneurial structure. It is organized around the owner / manager and it is highly centralized with little or no division of responsibility. Relationship between boss and its assistant is usually highly informal. It is particularly useful for small scale business and it enables the founder to control the growth and development and differentiation as the organization grows in size and complexity.
- b. **Functional Structure:** This is common and most popular organizational structure. It is built around tasks. All personnel that contribute to specific tasks are grouped together - (departments, sections, units, committees). It is common place in small firm that have grown either small, medium scale or larger forms, that produces a limited range of related products and services. Its problems include effective co-ordination of activities among managers, conflicts among department or units; communication problem and accountability of the organization.

- c. **Divisional Structure:** This is an alternative way of grouping organizational members by aggregating all the specialists needed to produce a given product or service. If a firm markets three distinct products for instance, it may set up three self-contained divisional centers, one for each product. Within each division, all the required manufacturing, engineering, marketing, manpower and other facilities are assembled.

The main features of the divisional structure are:

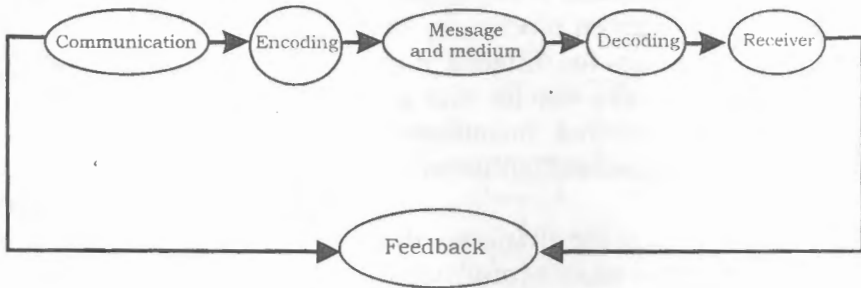
1. Divisions are taken as profit centers, strategy and business units for planning and control.
 2. Divisional authority is highly decentralized.
Its major advantage is the capability for marriage of the strategy and disparate products and marketing, while the major difficulty is in the designing of the most appropriate structure for the organization.
- d. **Matrix Structure;** This attempts to combine the benefits of decentralization and co-ordination. It operates under dual-authority in which staff are responsible to two different matrix bosses. Its major problem is in dualization of responsibility, which makes settlement or conflict and decision making in an organization a bit slow.

Organizational Process

Communication pervades organizational activity. Every employee is continually involved and is affected by the communications process. For managers, effective communication is a critical skill because the manager's planning, organizing and controlling functions, become operationalized only through communicative activity in the organization. Communication is derived from the Latin communist word, meaning "Common". The communicator seeks to establish communication as the transmission of information and understanding, using verbal or non-verbal symbols.

In an organizational structure, information can flow up and down (vertically), across (horizontally) and down and across (diagonally).

A Communication Model



Communication Within Organizations

The design of an organization should provide for communication in four distinct direction: downward, upward, horizontal, and diagonal. These four directions establish the framework within which communication in an organization takes place.

Downward Communication: This is a type of communication that flows from higher to lower levels in an organization; It includes management policies, instructions, and official memos sent from the top to the bottom.

Upward communication: This is a type of communication that flows from lower to higher levels.

Horizontal Communication: This is a type of communication that flows across functions in an organization. This type of communication is necessary for coordinating and integrating diverse organizational functions.

Diagonal Communication: This is a type of communication that cuts across functions and levels in an organization. It is important where members cannot communicate through upward downward, or horizontal channels.

Barriers to Effective Communication

A manager has no greater responsibility than to develop effective communication. If the elements of communication are not complete, then there are barriers in the communication process.

The table below itemizes those factors that can create barriers to effective communication:

| | | | |
|----|---------------------|-----|------------------------|
| 1. | Frame of reference | 7. | In-group language |
| 2. | Selective listening | 8. | Status differences |
| 3. | Value judgment | 9. | Proxemic behaviour |
| 4. | Source credibility | 10. | Time pressures |
| 5. | Semantic problems | 11. | Communication overload |
| 6. | Filtering | | |

Improving Communication In Organization

The following techniques can help in improving communication in organization.

| | | | |
|----|-----------------------------|----|-----------------------|
| 1. | Following up | 6. | Encouraging mutualism |
| 2. | Regulating information flow | 7. | Effective timing |
| 3. | Utilizing feedback | 8. | Simplifying language |
| 4. | Empathy | 9. | Effective listening |
| 5. | Repetition | | |

Individual And Group Behaviour Withi

The manager's observation and analysis of individual and group performance require consideration of variables that directly influence individual behaviour

Individual - Behaviour Framework

| THE ENVIRONMENT | THE INDIVIDUAL | BEHAVIOUR | OUTCOMES |
|--------------------------|----------------------|------------------|----------------|
| <u>Work</u> | Abilities and skills | Problem solving | Performance |
| - Job design | Family background | Thinking process | - Long term |
| - Organisation structure | Personality | Communication | - Short term |
| - Policies and rules | Perception | - Talking | Personal |
| - Leadership | Attitudes | - Listening | development |
| - Rewards and sanctions | Attributions | - Observation | Relations with |
| - Resources | Learning capacity | - Movement | other |
| <u>Non-work</u> | Age | | satisfaction |
| - Family | Race | | |
| - Economics | Sex | | |
| - Leisure and hobbies | Experience | | |

The Individual Variables And Their Effects On Work Situation

Individual differences: Individuals are similar, but they are also unique. The study of individual differences such as attitudes, perceptions, and abilities helps a manager in explaining differences in performance levels.

Ability: A biological or learned trait that permits a person to do something mentally or physically.

Skills: Are task - related competencies.

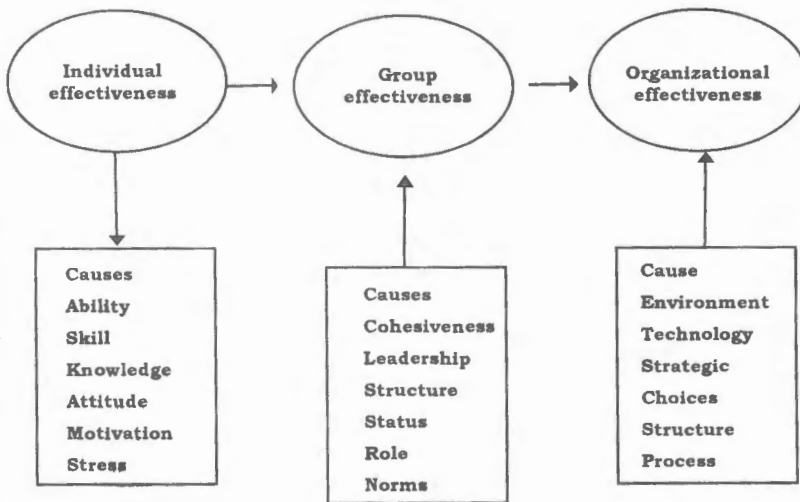
Demographics: These demographics can be classified into gender and race. Cultural diversity too can have impact on work situation.

Diversity: Is a term used to describe human qualities such as race, gender and ethnicity that are different from our own and outside the groups to which we belong.

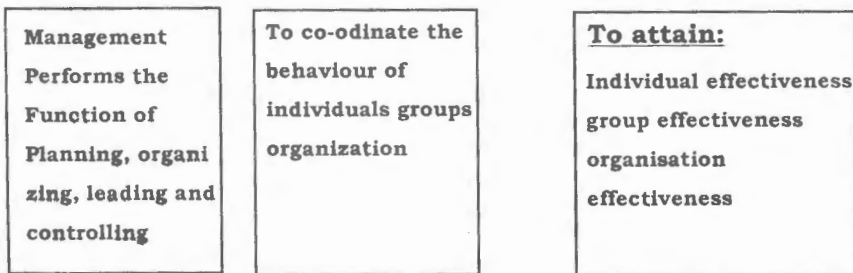
Organizational Effectiveness

Effectiveness is defined as the individual differences that account for differences in effectiveness in individuals performances. Causes of effectiveness at the three levels of individual, group and organization are shown in the diagram below:

Causes Of Effectives



Management's Contribution To Effectiveness



Feedback

Goal Approach to Effectiveness: Perspective on effectiveness that emphasizes the central role of goals achievement as a criterion for assessing effectiveness.

System Theory Approach to Effectiveness: A grouping of elements that individually establish relationship with each other and that interact with their environment both as individuals and as a group.

Multiple constituency Approach to Effectiveness: Perspective that emphasizes the relative importance of different groups and individuals interest in an organization.

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