

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION 2007

TITLE OF PAPER: Industrial Relations

DEGREE AND YEAR: Bachelor of Commerce 1V

COURSE NUMBER: BA 414 /IDE BA414 -1 & 2

TIME ALLOWED: Three (3) hours

INSTRUCTIONS

1. THIS PAPER CONSISTS OF SECTION (A) AND (B)
2. THE CASE STUDY SECTION (A) IS COMPULSORY
3. ANSWER ANY THREE QUESTIONS FROM SECTION B

NOTE: You are reminded that in assessing your work, account will be given of the accuracy of language and the general quality of expression, together with the layout and presentation of your final answer.

THIS PAPER MUST NOT BE OPENED UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

GOOD LUCK!!!

SECTION A CASE:

Read the case below and answer the questions that follow.

Labour –Management Cooperation at JFJ Auto dealer

The benefits of labour-management cooperative efforts on productivity are illustrated at JFJ Auto Dealer, an automotive parts manufacturing firm. Beginning in the early 1980's, both management and union leaders recognised that major problems existed at JFJ. Bored workers doing repetitive tasks were directed by dictatorial supervisors. Grievances over work rules were common, and the piece-rate wage system was based on quantity, not quality. For instance, about 20% of the truck frames produced for Ford had to be repaired before shipment to Ford.

Skip ahead six or seven years, and the defect rate on the Ford truck frames was about 3% and productivity had doubled. What happened to turn around the situation at JFJ can be tied to joint labour-management efforts to involve workers in improving productivity, to change work rules and transform the management practices used.

JFJ formed employment - involvement (EI) groups to discuss ways of improving quality and lowering costs. But those EI groups were set up by management without union input. Therefore the unions representing JFJ workers refused to support the efforts, and little productivity and quality enhancement resulted. However, when General Motors, one of JFJ's larger customers, began reducing its purchases, both union representatives and management new radical steps were needed to prevent loss of jobs and company revenues. Thus, the seven unions representing JFJ employees and management agreed to participate in new EI efforts.

Problem-solving groups were established at all levels, beginning with the plant floor, at which both management and union officials participated along with workers. EI groups made some progress, but further reductions in orders from automakers forced JFJ to lay off 1 300 workers. The company also threatened to close the plant unless major work-rule changes were made.

During contract negotiations both sides agreed to drop the piece-rate pay system and make many work-rule changes. The company also agreed to freeze worker pay rates at existing levels instead of cutting workers' pay to R50 per hour.

The work-rule changes allowed the installation of the work – team approach. These teams are composed of five to seven workers who perform a group of jobs on a rotating basis. The team designate their own leaders, who can request maintenance as needed, schedule production and overtime, and stop production to fix quality problems. Using teams in this way meant that JFJ could reduce the number of first-line supervisors. For the remaining supervisors and managers, management training

programmes were instituted.

The unions and management continue to discuss other productivity-related changes at other levels. But no longer do workers or managers worry about the plant closing because of low productivity or quality problems.

(Case adapted from John Hoerr, "The Cultural Revolution at A.O Smith," *Business Week*, May 29, 1989, 66-68)

QUESTION 1

- a. From the case, what were the major benefits of employee involvement?
(20 marks)
- b. Do you think the strategies deployed to reverse productivity and quality problems will offer a lasting solution to labour-management problems experienced in this company? Please support your answer.

Total (20 marks)
(40 marks)

SECTION B

(Answer any three (3) questions from this section)

QUESTION 2

You have been assigned the role of a negotiator on behalf of a certain company; discuss how to effectively prepare for negotiations. (20 marks)

QUESTION 3

- a. Critically evaluate the IR climate in Swaziland (10 marks)
- b. Why do you think it essential to maintain a harmonious labour relations climate? (10 marks)

QUESTION 4

The Management team at Swaziland Beverages believe in third-party representation because of numerous reasons.

- a. Which labour relations' perspective do they follow and discuss the rationale behind it? (10 marks)
- b. Why are some managers against this perspective? (10 marks)

QUESTION 5

- a. In relation to Swaziland, discuss the labour relations policy. (10 marks)
- b. What should constitute an effective labour relations policy? (10 marks)

QUESTION 6

"Despite the usefulness of collective bargaining in Swaziland, often in it fails to serve its main objectives". Discuss the main reasons for its failure and suggest ways to counteract the problems. (20 marks)