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Industrial Relations Practice and Trade Unionism in the Banking Industry.

by

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Abstract

The paper attempt a conceptualization of industrial relations and this was followed by an examination of the background to industrial relations and trade unionism in the banking industry, tracing their origins to the pioneering efforts in 1942 of the "African Employees" of the then Bank of British West African and in 1954 of African Employees of Barclays Bank who organized the white collar workers taking advantage of favourable labour legislations. The paper discuss albeit briefly the structure of industrial relations in the banks, Labour management relations patterns as well as the emerging trends in the relationships. The paper also observed that industrial relations in the banking sector are in many ways different from those in manufacturing sector. The paper also analyses the incidence and prevalence of strike actions in the industry. On a final note, the paper made very salient recommendations towards a peaceful and harmonious industrial relations environment in the industry.

Introduction

The objective of this paper is to describe the emerging trends and challenges of practice in industrial relations and trade unionism in the banking sector in Nigeria. The paper then makes some recommendations albeit briefly, on how the practice may be improved to create an harmonious industrial relations environment in the industry. This becomes imperative because Industrial Relations in the Banking sector are in many ways different from those in manufacturing because of the specific characteristics of the sector, such as the fact that banks are a tertiary industry which produce intangible services on demand; many of the services are custom tailored, such as consultation and advice to clients; they operate in a highly competitive sector where they are obliged to make extensive use of the most advanced technology and automated data processing method etc.

Industrial Relations (IR) is a discipline and an area of Industrial practice. It may be defined broadly therefore as the concepts, theories, policies, practices, procedures understanding and designing network of interactions between the relevant actors as well as the institutions and processes which bring about peace in such relations (Fajana, 1998). It should however be noted that, it is essentially the study of institutions of trade unionism and processual machinery for regulating collective relations at work and in the wider society.

On the other hand, trade unions are the principal institution of workers in modern capitalist societies. They are political institutions with elected leaders. They have political characteristics and seek to use political power to influence governmental agencies in their immediate interests. Their primary objectives is bargaining effectiveness (Okogwu, 1998). The union's functions of organizing, negotiation, striking, politics and legislation, and governance, are all harnessed in the service of this objective.

Having said these, we shall now proceed to give an insight into Industrial Relations (IR) and Trade Unionism (TU) in the banking industry in Nigeria.

Background To Industrial Relations And Trade Unionism In The Banking Industry

Industrial relations and trade unionism in the banking industry in Nigeria owe their origin to the pioneering effort in 1942 of the "African" employees of what was then known as Bank of British West Africa (today's First Bank) and, more significantly, in the year 1954, of the "African employees of Barclays Bank D.C.O (now Union Bank). These two groups of workers, obviously inspired by trade union activities abroad, were among those who had taken full advantage of the favourable labour legislations that had been put in place by the colonial government and organized themselves even as such organization of "white collar" workers was at that time viewed as an aberration.

The policy thrust of these early bank workers unions were centered around the need to protect and enhance the dignity and well being of their members in consonance with the principles enunciated in the International Labour Organization (ILO) Convention 87 and 98 respectively on "Freedom of Association and Protection of the Right to Organise" and "Application of the Principle of the Right to Organise and to Bargain Collectively"[1]. It should however be recalled that the formulation and adoption of these two international labour standards were aimed at actualizing in general, the objectives of the League of Nations which in its merited wisdom, hinged the attainment of permanent peace in the world on improvement in conditions of labour; and in particular, the preamble to the constitution of the ILO which declared "recognition of the principle of freedom of association" to be the means of improving conditions of labour and

establishing peace.[2] A significant development in the match towards the establishment of a sound industrial relations in the industry occurred in the early 60s when Barclays Bank workers became the first group in the country to win collective bargaining rights in the real sense.

It is suffice to stress that this monumental achievement was followed a few years later by a unique amalgamation of a majority of the existing bank unions (joined much later by a number of insurance workers unions), which took the name "Nigerian Union of Bank, Insurance and Allied Workers" (NUBIAW) and proceeded to produce in 1967 the country's first ever industry wide collective agreement; thereby pioneering the industrial union system which has become (since 1978) the approved trade union system in Nigeria under the Federal Government's trade unions restructuring exercise and which say NUBIAW being replaced by NUBIFIE (National Union of Banks, Insurance and Financial Institutions Employees). Little wonder that Yves Delamotte and Kenneth F. Walker "workers bill of rights" was in consonance with what is obtainable in the industry several years before. This was because several years later, the amalgamated (Industrial) Unions strategic plan included the total humanization of work and improvement in the quality of working life of its members. No doubt that the union's mission was very successful in the sense that most of its members subsequently enjoyed: decent physical conditions at work, an adequate and fair standard of living negotiated freely by the union on equal terms with the employer, reasonable protection against hazard of illness and unemployment through the provision of adequate health care delivery system of job security, full protection against the exercise of arbitrary authority by the employers, protection of their human dignity at work, and had their need for meaningful and satisfying work as well as for participation in decisions that affect them at work substantially met. In fact, it should however be noted that the standard of industrial relations and trade unionism in the industry up to the end of the last decade was so high that the industry served as a reference point to scholars and practitioners, locally and abroad.

Structure Of The Industrial Relations System In The Industry

Considering the structure of the industrial relations in the banking industry, it would appear that banks are more included to join an employers association with well determined rules of interaction between the various parties. In these instances, non-membership in the employers' association would mean, for the bank, the absence of channels to make its view known and to exercise some influence on matters with which it is concerned

(Okogwu, 1996). Thus, it would appear that where legal rules play an important role in the industrial relations system, it provides greater incentives for banks to join the appropriate employers' association than systems that are voluntaristic. Therefore, well established industrial relations leave little room to pursue interests or seek influence outside the system, thus providing a strong incentive to join. Another important element is what services the employers' association has to offer as compared to what the banks need. The Nigerian Bankers Employer Group (NBEG) offers a variety of services including the opportunity to express views, to formulate and express policies and positions, represent employers vis-à-vis the state and its agencies as well as vis-à-vis the media and the public at large. It also engages in collective bargaining and associated activities on behalf of its member. These services have been found useful to banks to varying degrees. Again, membership of the Bankers (Employer) Group may be influenced by the business philosophy of the company's board of directors. And where trade unions do not pressure the banks enough, some of them do not feel an imperative need to seek the protection shield of an employers' association.

This goes to justify that most often times, employers association evolve as a sharp reaction to the collective power and strengths enjoyed by organized labour (Shabi and Animashaun, 2000).

Labour Management Relations In The Banks

For the purpose of this paper, it is in order to emphasise that industrial relations are not the same thing as labour management relations. Labour – management relations only cover the relationships between management and employees within individual enterprises (Otobo, 1996). Labour management relations are part of industrial relations. Industrial relations covers:

(a) relations between employers/management and workers in individual enterprises.

(b) relations among managers and employers themselves (including their organizations);

(c) relations between workers, their organizations and the state (the state includes government, civil services and parastatals, local administration, armed forces, judiciary, other law enforcement and security agencies)

(d) relations between state officials and employers and their organizations; and

(e) relations among and between workers and their organizations.

Hence, all these relationships are mixed, inextricably intertwined and cannot be separated.

Having said these, it is appropriate to mention that labour management relations in the country have undergone substantial change during the last two decades. Banks which were traditionally seen as providing life long employment with protective somewhat paternalistic employers began to have more than competitive service sector employers, relying more on the external labour market to fill posts, stressing the individual's contribution to the company and rewarding employees according to the assessments of managers rather than by reference to fixed scales.

But the basis on which labour – management relations in the banks had been built up for decades included, the commitments to long term employers; gradual promotion in line with growing qualifications and seniority; foreseeable incremental improvement in earning; and in return, loyalty and dedicated service on the part of employees (Okogwu, 1996). Non – confrontational labour management relations were often maintained with bank sponsored employee organizations, which were to some extent seen as management's junior partners; the right to organize and to bargain collectively from the basis of healthy labour management relations was in vogue and lastly, the terms and conditions of their service are determined by the employer, in the main, outside of collective bargaining in what may be called individualized terms of employment[3]. The question, why the membership of trade unions in the banking sector is sometimes described as a fraction of the total workforce in the industry needs to be ask? Some of these reasons are: the attitude of the management of some banks; the exercise of the right of the workers to contract out of trade union membership; and the exclusion clause which applies to certain categories of employees. With the rising skill levels of Front Office bank employees and the compression in managerial ranks, more employees may, in fact see themselves as qualified professionals than as mere employees. This may in part explain the acceptance of more individualized terms of employment than was common in the past. Then, individual treatment would now appear to be the pattern for upper and even some middle tier employees in a good number of banks.

Emerging Concerns In Labour Management Relations

Between 1980 and 1990, Nigeria's financial sector experienced considerable growth by way of investment and employment. Mortgage and Merchant Banks sprang up in large numbers. Figures of employment as indicated by the membership size of trade unions in the industry are contained in Table 1 below:

Membership Strength 1980 – 1994

Year	Assbif	Nubifie	Year	Asbif	Nubifie
1980	NA	5,901	1988	13,374	75,000
1981	7,820	NA	1989	10,794	80,000
1982	8,100	NA	1990	10,794	80,000
1983	8,200	NA	1991	10,794	80,000
1984	8,500	NA	1992	10,794	80,000
1985	9,200	50,000	1993	10,794	60,000
1986	9,500	65,000	1994	10,794	50,000

Source: *ASSBIFI AND NUBIFIE Secretariats, Lagos*

Note: ASSBIFI means Association of Senior Staff of Banks, Insurance and Financial Institutions.

The table above sketches the fluctuations in membership strength. It is revealed that for both the industrial union and the senior staff association, employment (and in the corollary trade union membership) sizes have increased considerably. It is noteworthy that there is a high correlation between employment and membership size. This indicates a high level of union density which is brought about as a result of the automatic membership that workers are expected to hold in their unions. The relevant trade union's laws in Nigeria are the Trade Union Amendment decree 1978. The Trade Union Miscellaneous Decree, 1986 and the Trade Union Amendment 1996. Notwithstanding the enjoyment of automatic membership sizes of the bank unions are reducing. Possibly, this is as a result of severe job losses in that sector, notably from 1989 for junior workers and 1994 for senior staff. The downward trend has continue into the end of the 1990s.

A study conducted during 1986 - 90 found that the economic recession posed challenges to labour, employers and government in Nigeria's system of industrial relations (Osigweh and Fajana, 1993). The actors have had to modify their various objectives and strategies during periods of prosperity, the decline was mutually perceived by labour and management as a common problem.

Consequently, some amount of friendly cooperation and concession bargaining emerged during the earlier part of the recession.' These approaches enabled the actors to work together and adapt through appropriate strategic choices to vanquish what they caught as their common foe. For instance, in the Nigerian Railway Corporation, workers agreed with management that some of the enjoyed allowances be cut off so that the jobs of many of their members could be retained. Open conflict activities however picked up during the first half of the 1990s (see Table 2).

Towards the second half of the 1990s, the Industrial Relations was less turbulent as wage increases became a less paramount concern of employees. As seen from the figures of reported disputes and strikes in the economy and the banking sector (see Table 2), there is an apparent calm and peace which perhaps illustrate the void of militant and loud manifestation of industrial conflicts. What is noted in the banking sector for example is a "Responsible" approach to protests illustrated in wearing of rags to publicize the existence of a dispute by the workers on a sit-in demonstration. This is considered very subtle but very effective against the backdrop that the state forbids an open vent of conflict in banking (essential services).

Thus, the uneasy calm is expected to persist especially given the backdrop of an intolerant national political leadership.

But, it is imperative to stress that in contrast some strike actions took place in the sector. From 6 to 14 December, 1982, the Union Bank experienced a nine-day stoppage by its junior staff industrial union, the National Union of Bank, Insurance and Financial Institutions Employees (NUBIFIE).[4] And also from 6 to 12 March, 1984, virtually all branches of the same bank were engulfed in a seven day official stoppage by the NUBIFIE. Similarly, earlier from late October to early November, 1982, NUBIFIE members in all branches of the First Bank went on strike which lasted 11 days.[5]

Table 2: Trade Disputes and Strikes in Nigeria: 1980 – 1994

Year	Disputes Reported	Work Stoppages
1980	355	265
1981	258	234
1982	341	253
1983	184	131
1984	100	49
1985	77	40

1986	87	53
1987	65	38
1988	156	124
1989	144	80
1990	174	102
1991	204	117
1992	221	124
1993	160	90
1994	180	101

Source: CBN (1983) Nigeria: Major Economic and Financial Indicators.

As noted by Fajana (1998) since the middle 1990s, labour's perception of the duration and causes of the recession seemed to have changed considerably. Consequently, labour's strategies to the persistent recession have altered somewhat. Coupled with the fact that strikes are seldom punished, the frequency of economically instigated strikes has picked up since the 1990s, the economic downturn faced by employers and threats of job loss nonetheless (see strike figures). Thus, even bank workers have increased their strategically censurable or mitigated conflict activities, viz, ragging, consistent with the essential nature of their services. In the banking sector, fraudulent activities have increased according to NDIC reports and unlike in the past when fraud cases were almost limited to junior staff, fraud now progressively includes senior staffers. This is not unconnected with the effects of recession of remuneration and pay policies.

On the part of the employers, they explore creative communication strategies of joint consultation to mitigate industrial conflict, in realization of the potency of the political economic situation for striking. Virtually every decision issues is likely to be treated by consulting the trade unions and or workers shop floor representatives in the non -unionised banks. The foregoing however is an application of the human resource management strategy which can be seen as an attempt by employers to make trade unions irrelevant to unionized workers, or unattractive to non-unionised ones. (Fajana, 1998). Today, the Nigeria banks especially of the younger and newer folds have adopted this practice especially in those settings where unions do not exist.

Concluding Remarks And Recommendations

In contemporary industrial practices, it is observed that many enterprises are adopting the human resource management technique in treating their employees whether unionized or not. Today, this system is gaining world-wide adoption, but not without serious adverse threats to the relevance of

trade unions and their role in collective bargaining given the foregoing scenarios and the discernible trends in institutional relationships. In some of the leading banks, therefore, it would be quite reasonable to expect even in the immediate future a re-appraisal by employers of the relevance of trade unions in employment relationships vis-à-vis the formers desire to secure maximum advantage in an increasingly competitive business world. Indeed, and as Oeschslin (op. cit.) pointed out, the entire planet is becoming a single market where quality is as important as the level of prices and where only the firms that build their human resource practices on survival measures (e.g downsizing, delayering, out-sourcing and re-engineering) which enhance the skill base and flexibility of the workforce will succeed. Of course, all survival strategies have serious implications for industrial relations and trade unionism, as employers do choose to go for learner organizational structures backed with state-of-the-art technologies and well remunerated educationally advanced personnel.

In view of the foregoing discussions, we recommend as follows:

- The trade unions in the industry should be fully concerned at understanding and educating their members on the implications of the presents socio-economic and international trends on industrial and labour relations as to enable them show greater understanding, restraints and co-operation in social partnership in fruitfully fostering industrial harmony in the banking and financial industry. Hence, labour and management has to work together to develop and implement strategies for the success of restructuring and repositioning of banking institutions and industry for buoyant and competitive performance.
- Managements of banks should appoint suitable people with the right personality and capabilities as Industrial Relations and Human Resources Managers. Such officials in characters traits should be patient, educated, experienced and well informed on the professional aspects, duties, rules and procedures of industrial relations in Banking industry in particular and the economic sectors in general.
- An ideal industrial relations practices and trade unionism in the banking industry must also include strict adherence and respect for the sanctity of collective agreements and procedures, institutionalization of continuous communication, selection and election of knowledgeable and capable union executive acceptable to managements, and finally respectful relationships union resistance to sell powers to outsiders, reasonable notices and responses by the two parties in an ideal conflict prevention and management situation.

- And lastly, the days are gone when management and union regard each other as enemies. Whilst education, enlightenment, cooperation, collaboration and moderation should be the watchwords of the parties, management should endeavour patently to market their strategies, policies and programmes by making effective use of union executives, officials and members in general.

End Notes

1. *ILO, International Labour Conventions and Recommendations, 1919 – 1981.*
2. *ILO, Preamble to the Constitution.*
3. *"Labour Grapple with Survival" (A dark cloud seems to be hanging over organized labour as a result of new policy guidelines recently recommended to government by different interest groups, Chris Nwachukwu reports of avoidable catastrophe) This day 18/10/96.*
4. *The strike was over annual bonus (minutes of the NECA Industrial Relations Committee Meeting, 15 December, 1982).*
5. *The strike, according to management, was over "the bank's decision to introduce some measure of cost control as a result of escalating costs and dwindling rate of profit in comparison with other banks: Ibid., 17 November, 1982.*

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