

INTERVENING EFFECT OF TRIPARTITE CONSULTATION ON THE PERFORMANCE OF STATE CORPORATIONS IN KENYA

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Abstract

The study sought to establish the intervening effect of tripartite consultation between the role of social partners, the tripartite consultation system, the economic change issues, the relationship between social partners and performance of state corporations in Kenya. The study was carried out in Nairobi County in Kenya and it involved 279 both unionized and non-unionized employees of state corporations in the County. A descriptive survey design was used. A structured questionnaire with Likert scale questions and an interview guide were used to collect data from the selected subjects. The study applied the Industrial Relations model envisaged by Dunlop, which was believed to reflect the existing tripartite consultation arrangements. Data was analysed quantitatively and qualitatively using Statistical Package of Social Sciences (SPSS). The study found that tripartite consultation had intervened positively between the stated variables and performance of state corporations. Tripartite consultation had helped to; gather views and advice of employers' and workers' representatives, prepare labour laws, establish national bodies responsible for employment, elaborate and implement of economic and social development plans. The study recommends that the social partners should collectively strengthen and adhere to the established tripartite consultation framework in order to enhance industrial peace. The findings will help the social actors to collectively consult in good faith for industrial harmony and national development.

Keywords: *Tripartite consultation, intervening effect, social actors, industrial peace, performance*

INTRODUCTION

INTRODUCTION

Tripartite consultation is generally understood to refer to a process whereby workers, employers and governments contribute to the development of labour standards and the protection of workers' rights through voluntary interaction and dialogue (Benson & Shen, 2008). It is viewed by Ishikawa (2003) as encompassing bipartite relationship between employers and trade unions in the workplace, as a means of reconciling the interests of the various social actors and of achieving fair and reasonable conditions of work.

The unique feature of ILO is its tripartite structure, where representations of management, labour and governments participate in its proceeding (Monappa, 2005). Due to importance of tripartism, the ILO has made the ratification and implementation of the Tripartite Consultation Convention, No.144 of 1976 a priority which Kenya adhered to in 1990 (Fashoyin, 2001). Tripartism through a well established mechanism in Kenya has not been used with any degree of consistency. Tripartite consultation in Kenya has evolved from both the legal framework and the Industrial Relations Charter; the latter being a voluntary agreed set of tripartite code of practice and procedure between the social partners.

The social actors in Kenya's industrial relations scene are the organizations of employers, organizations of employees and the government. Fashoyin (2003) has observed that the organization of workers and employers for industrial relations purposes is a tradition that emerged in the colonial period. He has added that the labour market institutions in the country were established in 1950's to provide a voice for workers and a platform for the growing organization of employers and workers in the country. Hence, the employers' and workers' organizations in collaboration with the government, had a tradition of social dialogue through tripartite consultation at a very early stage.

It is worth noting that the three social actors are expected to consult collectively on matters related to employment. However, Waweru (2007) has observed that through time, trade union movement in Kenya has continued to be subjected to severe restrictions by the government. Though the industrial court had been viewed as an effective and indifferent instrument of meting out industrial justice, over the years the increasing encroachment by the government on its activities had been evident.

Jerome and O'Dowd (2005) have noted that Adversarial approach exists in industrial relations. The duo have emphasized that the approach developed on the basic assumption that employers would not willingly grant improved pay and conditions of work and that workers have to fight for their rights. However, the existing tripartite consultation in Kenya has enabled the parties to play their prescribed roles.

In 2011 upto 2015 Kenya has been highly gripped with industrial actions. These involved teachers, university lecturers, medical doctors, nurses all leading to paralysis of operations in public secondary and primary schools, universities and colleges and public referral hospitals. The striking workers complained of unconcluded Collective Bargaining Agreement, poor remuneration, poor working conditions and double standards in review of public servants salaries (Mutoro, 2011 & Malalo, 2011).

The premise of tripartite consultation is to provide the social actors an opportunity to meet and discuss formally at an equal footing, according to an established procedure issues of common concern, to exchange information and explore possible means of solving the problems confronting them (Fiorito, 2001).

Tripartite consultation is therefore expected to aid in performance of the prescribed roles of social partners; adherence to the set consultation system; regulate the relationship between the social actors and address the economic issues which confront the county. Consequently performance of state corporations is expected to improve. Therefore, this study sought to establish the intervening effect of tripartite consultation on the performance of state corporations in Kenya.

H₀: Tripartite consultation does not intervene in the performance of state corporation

H₁: Tripartite consultation intervenes in the performance of state corporations

THEORETICAL FRAMEWORK

This study was informed by several theories. The pluralist theory views organizations as coalitions of competing interests and trade unions as legitimate representatives of employees' interests. The stability of relations is seen as a product of concessions and compromise between management and union. Conflict between management and workers is understood as inevitable and conducive for innovation and growth. All these are solved through tripartite consultation (Aswathappa, 2009). The systems theory advanced by Dunlop presents a systems approach to organizations which has four processes of input acquisition, input transformation, output and feedback.

Singh (2008) views organizations as influencing and being influenced by the environment. The industrial relations system comprises certain actors and body of rules created to govern the actors at the workplace and community (Singh & Kumar, 2011). The rules are the output of consultation. The three 'actors' hold a common belief that employees are entitled to demand a minimum quality of living, as such discussion and bargaining namely, consultation must be the preferred way to solve disputes and that the state does not have a limited but clear roles as an arbiter in certain matters (Singh,2008).

EMPIRICAL REVIEW

Institutionally, the major role of tripartite consultation is confined to analyzing situations and putting forward suggestions on labour issues. Tripartite consultations is nothing like collective bargaining but based on the traditional assumption is contradictory to the reality that employers have always has an opposite stance to employees (Shen, 2007).

Fashoyin (2001) studied the renewed interest in tripartite consultation in Kenya and found that it had not been applied consistently. He argued that Kenya had recognized social dialogue as a useful mechanism of building consensus among the key stakeholders. He however, noted that social dialogue had to be internally strong and cohesive in order to engage effectively in negotiations and consultative process. He is emphatic that unilateral approach, be it by the public authority or by employers is not the appropriate approach today. If parties turn confrontational performance is negatively affected. Hence, tripartism is the best solution since all parties are involved.

Turnbull (2006) has elaborated that regardless of who initiates social dialogue. It is important to establish ground rules for dialogue between social partners. He emphasized that it is necessary to have consultation about consultation or negotiation about negotiation, in order to establish the ground rules for future dialogue. The rules might include the respect for confidentiality and sensitivity of information, a commitment to avoid taking up publicly entrenched positions and the avoidance of inflammatory or derogatory words or deeds. This appeared to be missing in Kenyan consultation.

Trebilcock (1994) has observed that areas of tripartite consultation include involving various functions of consultation on policy formulation, decision making on policy, the supervision of its implementation and negotiation of accords, wage determination and adjustment due to economic changes.

Tripartite Consultation and Performance

Davis and Lanbury (1996) have explained that consultation and participation have been regarded as important processes, often linked to workforce performance. Hence, maximum available productivity and adaptation can only be achieved through a workforce that willingly and constantly commits itself to responsibility for production, quality control, innovation, growth, responsiveness to consumer requirements and to a life time of upgrading and broadening skills. Then, companies can expect productivity gains, better – motivated and committed workforce, lower absenteeism and turnover rates. Consequently, organizational performance would improve.

Through effective consultation, there is emphasis on mutuality namely, getting the message across that we are all in this together, and that the interest of management and employees coincide. The reconciliation of interests of the partners though diverse enables common action, which improves organizational performance. Deeley (1991) is emphatic that this will lead to improved quality, increased production, reduced disputes, reduced employee turnover, absenteeism and better customer service.

Lee and Rolee (2009) have confirmed out of their study that implementation of tripartite consultation which they referred to as Labour- Management Partnership in firms associated with militant unions, has practical implications than in cases involving moderate unions. It is worth noting that union militancy interferes with efforts to improve organizational performance and industrial relations quality. Hence, tripartite consultation could be a panacea to increased strikes in the country.

RESEARCH METHODOLOGY

The study adopted a descriptive survey design which according to Gay (1981) in Mugenda and Mugenda (2003) is a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study. Kombo and Tromp (2010) explain that the purpose of descriptive research is not only restricted to fact findings but often results in solution to significant problem. The population of the study included all the 172 state corporations in Kenya. The target population was thirty four (34) unionized state corporations in Nairobi County. Subjects of the study were selected from fourteen (14) unionized state corporations in the Country.

Sampling Techniques

The study applied stratified sampling. In this technique subjects are selected in such a way that the existing sub-groups in the population are more or less reproduced in the sample (Mugenda & Mugenda, 1999). Hence, the sub groups of unionized and non-unionized employees were represented. Out of the sub-groups, simple random sampling was applied to pick the subjects. Besides, purposive sampling technique was applied. Sarantakos (1996) has pointed out that in purposive sampling, researchers purposely choose subjects who in their opinion, are thought to have relevant information in the research topic.

In this study therefore, the human resource managers/ labour relations officers, shop stewards, Central Organization of Trade Union representatives, Federation of Kenya Employers representatives and ministry of labour officers were handpicked since the researcher knew that they were informative.

Data Collections Tools

Questionnaires with open-ended and Likert scale closed-ended questions were administered to the employees. An interview schedule was developed and conducted on human resource managers, shop floor union officials, officers of the ministry of labour, federation of Kenya employers and central organization of trade unions representatives.

Analytical Approach

To test whether tripartite consultation intervened between the selected variables of study partial correlation coefficient was computed. Partial correlation coefficient measures separately the relationship between two variables in such as way that other related variables are controlled (Kothari, 2005).

Research Model

The study adopted two multiple regression models one with the intervening variable and the other without to determine the intervening effect of the variable under study. The general form of the models were:

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + e.$$

Where;

y = performance of state corporations; x_1 = the role of social partners; x_2 = tripartite consultation system; x_3 = economic change; x_4 – relationship between social partners, x_5 = tripartite consultation system.

The second model form was: $y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + e.$

y = performance of state corporations; x_1 = the role of social partners; x_2 = tripartite consultation system; x_3 = economic change; x_4 – relationship between social partners.

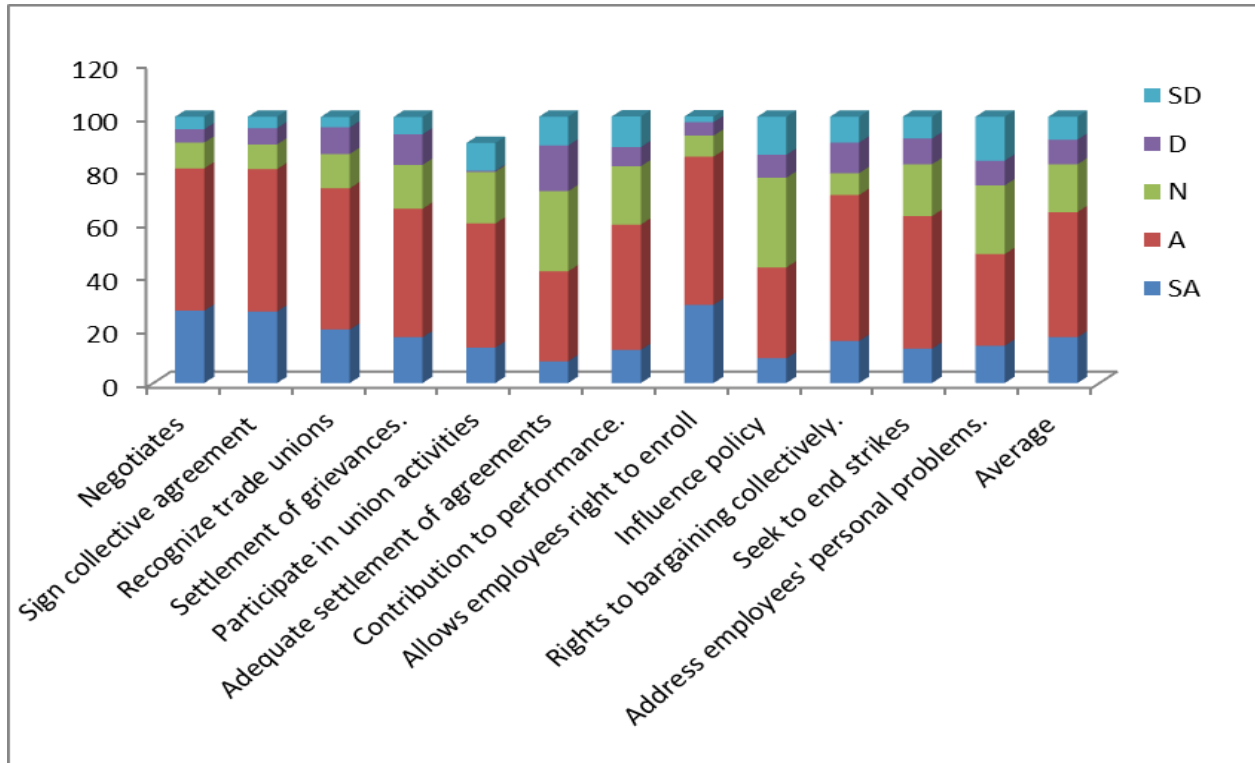
ANALYSIS AND RESULTS

Role of Employers in Organizations

The study sought to establish whether tripartite consultation intervened between role of social partners and performance of State Corporations. The study gathered that employers played their prescribed role in the industrial relations scene, in that they negotiated with unions, signed collective agreements, recognized trade unions as representatives of employees, allowed employees right to enroll and continue being union members, allowed employees to organize and bargain collectively, assisted in settlement of grievances, allowed employees right to

participate in union activities without discrimination. Hence, employers were found to have performed their roles as prescribed in the Industrial Relations Charter and the expectation of the implementation of the tripartite consultation (See Figure 1).

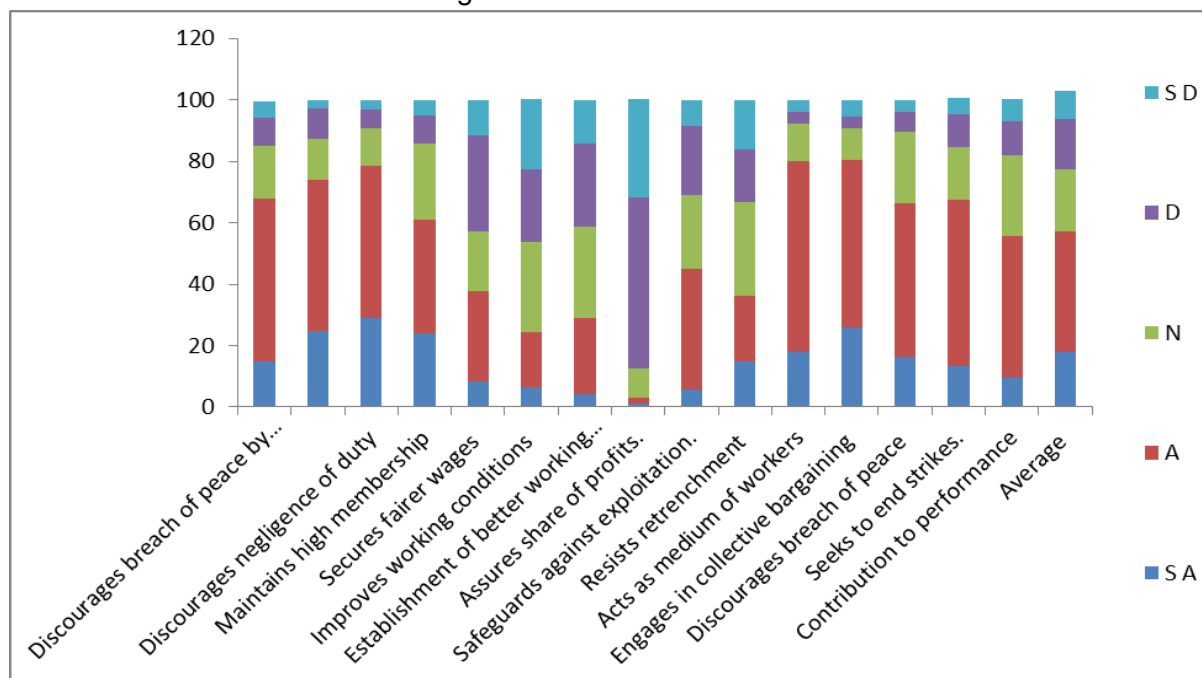
Figure 1. Role of Employers in Organizations



Role of Trade Unions

The study gathered that trade unions has discouraged breach of peace by union members, had discouraged union activities during working hours unless allowed by law, had discouraged negligence of duty, damage to property, insubordination, use of abusive language, had maintained a high number of union members in organizations, had acted as a medium through which workers interests and grievances were expressed had engaged in collective bargaining and always sought to bring strikes to an end (See Figure. 2). The role performed by union was supported by Nzuve (2007) and (Waweru, 2007).

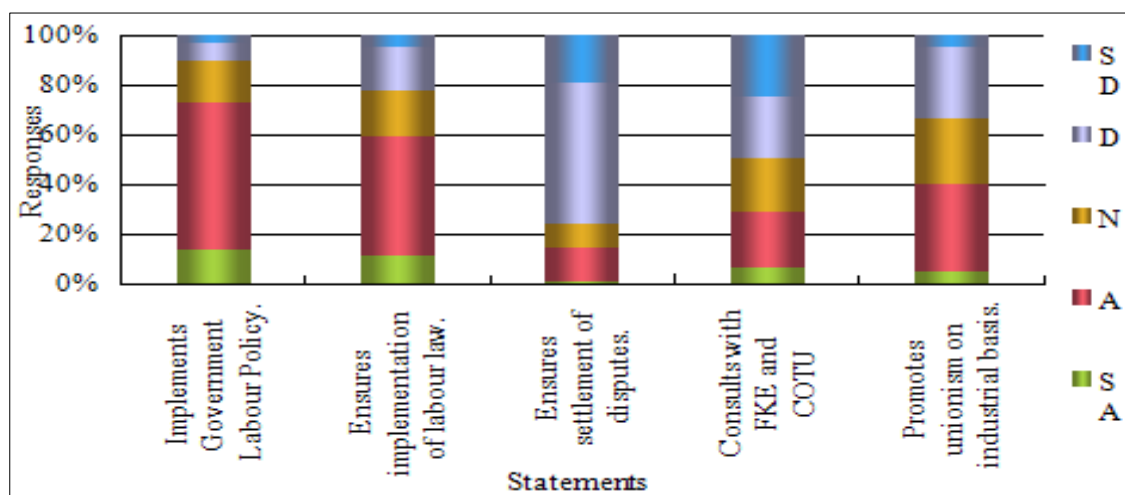
Figure 2. Role of Trade Unions



The Role of The Ministry of Labour

The study gathered as reflected in Figure 3 that the Ministry of Labour had initiated, elaborated and implemented labour policy, had ensured implementation of labour law and had jointly consulted with Federation of Kenya Employers and the Central Organization of Trade Unions. Ishikawa (2003) noted this role when he expressed that the Ministry of Labour is the key government department responsible for the initiation, elaboration and implementation of government policy.

Figure 3. Role of the Ministry of Labour



Intervening Effect of Tripartite Consultation between the Role of Social Partners and Performance of State Corporations

Partial correlation coefficient was computed to establish whether tripartite consultation intervened between the role of social actors and performance of state corporations. The results obtained showed that the correlation coefficient when the effect of tripartite consultation as is present between the role of social partners and performance of state corporations was 0.519. The correlation coefficient when the effect was controlled was 0.375. Hence, the difference between 0.519 and 0.375 is 0.144 as shown in Table 1. It is therefore clear that tripartite consultation intervenes positively in the performance of state corporations.

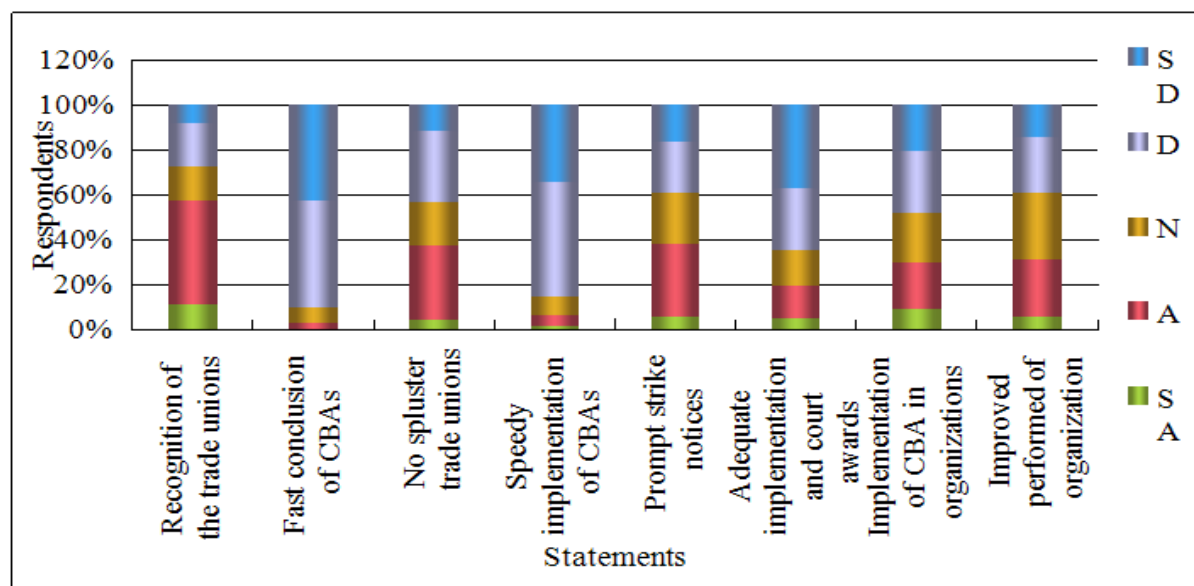
Table 1. Effects of the Intervening Variable

Independent Variable	Performance of State Corporations		Difference
	Correlation coefficient when the effect of intervening variable is present	Correlation coefficient when the effects of intervening variable is controlled	
Role of Social Partners	0.519	0.375	0.144

The Tripartite Consultation System

The study sought to establish whether tripartite consultation had intervened between the established system and performance of state corporations. The information gathered showed that management had highly recognized trade unions as employees' representatives. However, there had been delay in conclusion of collective bargaining agreement, there lacked strong cohesion within unions culminating to further, management had not speedily implement concluded agreements and had not promptly implemented industrial court awards which culminated to industrial actions (See Figure. 4).

Figure 4. Process of Tripartite Consultation



Effect of Tripartite Consultation as an Intervening Variable

Partial correlation coefficient when the effect of tripartite consultation is present between tripartite consultation system and performance of state corporations was computed and established to be 0.528. The correlation coefficient when the effect was controlled was 0.376. The difference between the two coefficients is 0.152. Hence, tripartite consultation intervenes positively between tripartite consultation system and performance of state corporations (see Table. 2).

Table 2. Effects of the Tripartite Consultation as an Intervening Variable

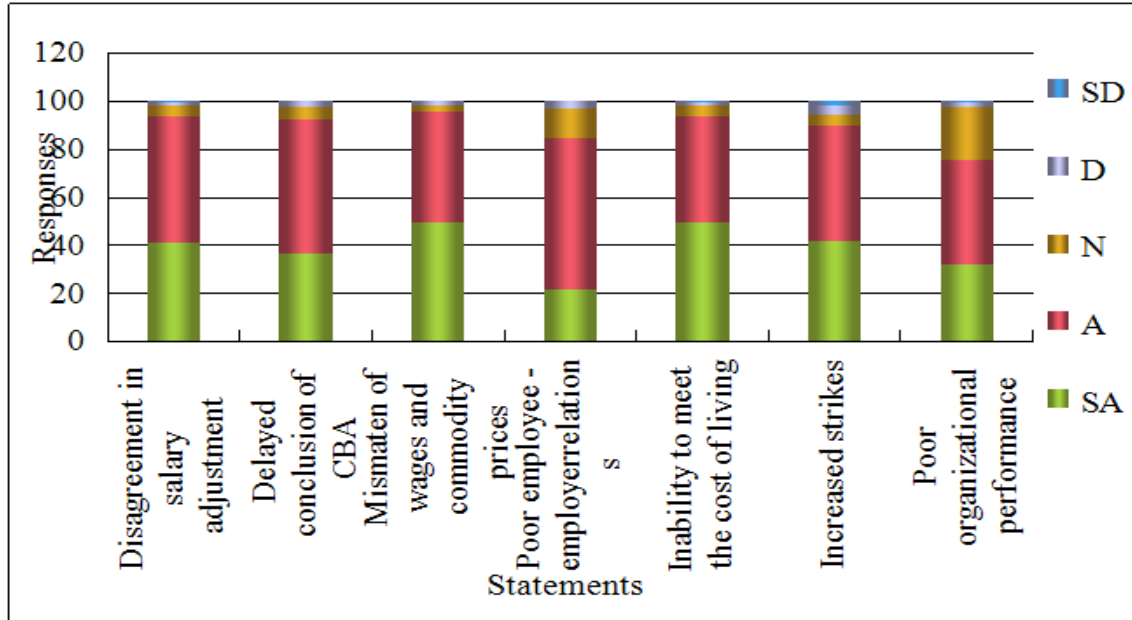
Independent Variable	Performance of State Corporations		
	Correlation coefficient when the effect of intervening variable is present	Correlation coefficient when the effects of intervening variable is controlled	Difference
Tripartite consultation System	0.528	0.376	0.152

Intervening Effect of Tripartite Consultation on Between Economic Change and Performance of State Corporations

Inflation as an economic change was investigated to establish its effects on consultation and performance of state corporations. The findings indicated that inflation had led to disagreement in salary adjustment between the social actors, had led to delayed conclusion of collective

agreements, failure to review employees’ wages to match with increase in commodity prizes, increased strikes by workers and affected performance due to demotivated staff as shown in Figure 5. However, all the effects of inflation were addressed because a framework of consultation existed in the County.

Figure 5. Effects of Inflation on State Corporations



Effects of Tripartite Consultation as an Intervening Variable

Partial correlation coefficient when the effect of tripartite consultation as an intervening variable is present between economic change and performance of state corporations was computed and established to be 0.02. The correlation coefficient when the effect is controlled was -0.069. The difference between the two coefficients is 0.092 as shown in Table 3. Thus, tripartite consultation positively intervenes between economic change and performance of state corporations.

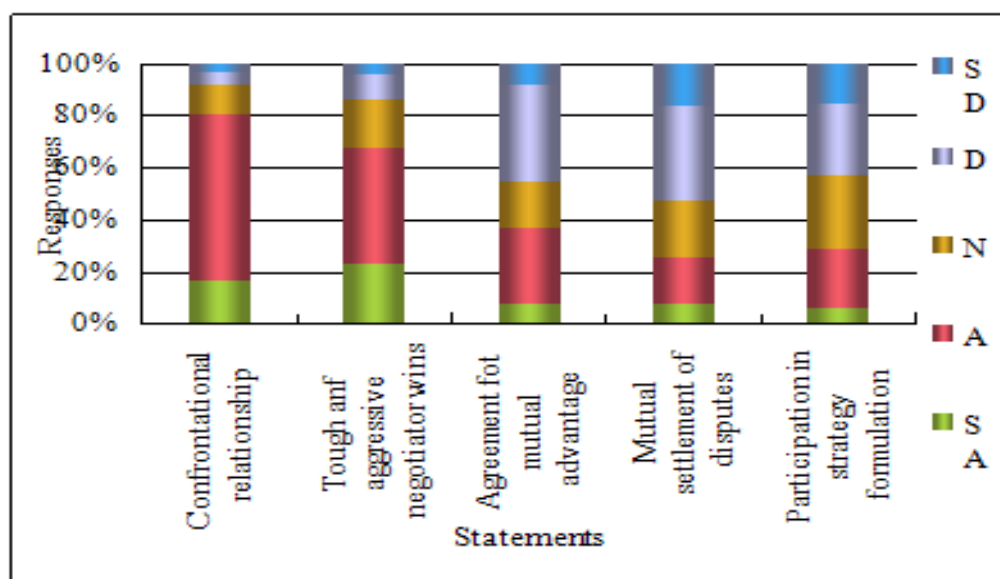
Table 3. Effects of the Tripartite Consultation as an Intervening Variable

Independent Variable	Performance of State Corporations		
	Correlation coefficient when the effect of intervening variable is present	Correlation coefficient when the effects of intervening variable is controlled	Difference
Economic Change	0.023	-0.069	0.092

Intervening Effect of Tripartite Consultation between Relationship between the Social Partners and Performance of State Corporations

This study sought to establish if tripartite consultation intervened between the relationship between social partners and performance of state corporations. The study interrogated the forms of relationships existing and found that generally there had been confrontational relationship of a low trust kind, that during negotiations the tougher and more aggressive negotiator won and conciliatory ones lost. Besides, there had been a resolution between management and trade unions to work for mutual advantage. However, mutuality had not been embraced to resolve conflicts and that trade unions and employers had been partly involved in strategy formulation and implementation.

Figure 6. Forms of Relationships Between Social Partners



Effect of Tripartite Consultation as an Intervening Variable

Partial correlation coefficient when tripartite consultation as an intervening variable is present between the relationship between social partners and performance of State Corporation was computed and established to be 0.387. The correlation coefficient when the effect was controlled was 0.015. Hence, the difference between the two coefficients is 0.372 as shown in Table 4. Hence, tripartite consultation intervenes positively between the two variables of study.

Table 4. Effects of the Intervening Variable

Performance of State Corporations			
Independent Variable	Correlation coefficient when the effect of intervening variable is present	Correlation coefficient when the effects of intervening variable is controlled	Difference
Relationship between the social partners	0.387	0.015	0.372

Overall Regression Model with Tripartite Consultation

Multiple linear regression model with five explanatory variables, the fifth being tripartite consultation had an R-square of .951. This meant that 95.1% of variation in performance could be explained by the model. The difference of 4.5% remained in the error term. The model summary is presented in Table. 5.

Table 5. Overall Regression Model with the Influence of Tripartite Consultation

Model	R	R Square ^b	Adjusted R Square	Std. Error of the Estimate
2	.975 ^c	.951	.950	4.823

The multiple linear regression model with four explanatory variables had an R-square value of 0.943. This meant that 94.3% of variation in performance of state corporations could be explained by the model (see table 6).

Table 6. Overall Regression Model Summary Without Tripartite Consultation

Model	R	R Square ^b	Adjusted R Square	Std. Error of the Estimate
1	.971 ^a	.943	.942	5.196

The first model with tripartite consultation as an intervening variable had a R-square of .951 (95.1%) and the other without had R-square of 0.943 (94.3%). It is therefore clear that tripartite consultation has positive effect in performance, since there was an increase of .8% in explanation of variation of performance when tripartite consultation was present.

ANOVA Test Results for the Regression Model with Effect of Tripartite Consultation

An ANOVA test undertaken confirmed the whole model as a significant fit of the data with presence of the influence of tripartite consultation (see Table 7).

Table 7. ANOVA Test Results for the Regression Model with Effect of Tripartite Consultation

Model		Sum of Squares	Df	Mean Square	F	Sig.
2	Regression	124113.273	5	24822.655	1.067	.000
	Residual	6373.907	274	23.262		
	Total	130487.180 ^b	279			

CONCLUSIONS AND RECOMMENDATIONS

The study established that tripartite consultation intervenes positively between the role of social partners, tripartite consultation system, economic change, relationship between social partners and the performance of state corporations.

The highest intervening effect was relationship between the social partners and performance of state corporations. The least effect was between economic change and performance of state corporations.

The study appreciated that tripartite consultation is not an end in itself but a means of achieving an acceptable balance between economic and social imperatives. It also observed that tripartite cooperation ultimately depends on whether there is political will to pursue the objective. Hence, cooperation between the social partners of every level is indispensable for tripartite consultation to work.

The government as a matter of policy should strengthen and enforce the adherence to the prescribed tripartite consultation framework.

Since consultation is inevitable, it is imperative to establish ground rules for dialogue between the social actors. This can be achieved through consultation or negotiation about negotiation in order to establish such ground rules for future negotiations.

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