Trinidad Cement Limited: A case of successful collective bargaining driven by international competition

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Case 4: Trinidad Cement Limited: A case of successful collective bargaining driven by international competition

Trinidad Cement Limited (TCL) is an international company that operates in Trinidad and Tobago and more recently in Barbados and Jamaica. Its experience illustrates how market pressure can make both management and unions re-think their relationship and join their efforts to make the company economically successful and a nice place to work.

Established in 1954, TCL has had poor labour-management relations for most of its existence. According to the CEO, Mr. Rollin Bertrand, managers believed in "ruling with an iron fist" and trade unionists were accustomed to an adversarial approach to labour-management relations (Bertrand, presentation at Caribbean Enterprise Forum, 2001). Between 1984 and 1995 TCL averaged two full or partial work stoppages a year with an estimated cost over the period of $42 million in today's dollars; it also had 47 unresolved grievances / disputes, of which nine went to the Ministry of Labour and three to the Industrial Court. The collective bargaining process was often protracted, with the conclusion of negotiations taking as long as 12 years. Largely due to the dysfunctional relationship between management and unions, plant availability and efficiency were below 70 per cent.

In the mid-1980s TCL started to feel increased pressure from international competition (Thai Cement and other international companies). The company had to re-think its management style in order to remain viable. Finally in 1995 management realized what had to be done in order to improve corporate performance and create a good industrial relations climate. As in many other cases described in this book, changes had to start with a re-examination of the fundamental corporate philosophy and values. Management came to realize that workers and their representatives must be treated as strategic partners and stakeholders, since workers are the company's most valuable asset. TCL created an HR Vision Statement that expressed management's belief in the importance of workers for corporate success:

TCl: Vision Statement To create a family of employees within the TCL Group of Companies where individuals feel confident that they are participating, contributing, recognised and rewarded for the success of the Company. The Company should be a place:
where employees are valued as precious, special people, secure in the knowledge that the Company will at all times seek their long-term interests and be supportive in times of need.
where health and safety concerns are paramount and accidents are non-existent. Where the Company is concerned about employees' family life and creates work systems and after-work activities to support this ideal.
where employees really feel that the Company sees them as individuals, encouraging self-development, growth, progress and advancement, not only in their careers but also in their personal lives.
where honesty, integrity, fair play, trust and respect abound and employees feel pride in their association with the Company and each other.

This statement was translated into an action programme, called ¨PEOPLE-ING", that included:

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- tripartite committee/partnership forums;
- transformation workshops with a special focus on people;
- non-crisis forums;
- a revised performance management system;
- a new negotiation strategy; and
- departmental meetings and focus groups.

Management attempts to improve labour relations were supported by the unions. Mr. Errol McLeod, President of the Oilfield's Workers' Trade Union (OWTU) which represents TCL workers, recalls that in the past:

Industrial relations was often a response to the attitude of management that labour was not an important consideration. The OWTU was always cognisant of global changes and their impact on the economy. Therefore there is need not just to change machinery but also to change the approach to those who drive the machinery… The relationship between management and union has now changed from an adversarial to a collaborative one, for instance, when TCL decided to establish plants in Jamaica and Barbados it was with the prior consultation and approval of the union (McLeod, presentation at Caribbean Enterprise Forum, 2001).

This new approach to labour-management has already brought tangible results:

- negotiations in 1997 and 2000 were completed within 3 months with no work stoppages or third-party intervention;
- plant availability and efficiency have increased;
- overall cement productivity has increased;
- absenteeism has gone down.

Equally important, employee satisfaction has improved dramatically (see exhibit TC.2).

Exhibit TC.2. Employee satisfaction survey results

Factors surveyed (summary)	1996 results (as a %)	1999 results (as a %)
Overall index	52.05	62.29
Job satisfaction	69.89	74.93
Stress (lower-less stress)	57	50.67
Annual performance evaluation	48.08	58.78
Advancement opportunities	42.86	48.67
Remuneration and benefits	56.24	62.88
Supervisor/employee relationships	56.36	68.45
Management /staff relations	57.61	66.36
Industrial relations climate	42.21	57.8
Communications	39.2	57.44
Physical conditions	57.72	69.49
Company values/Image	68.33	79.23

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TCL managers summarized the lessons they have learned in the following way (Bertrand and McLeod, joint presentation at the Caribbean Enterprise Forum, 2001):

I. The New Vision:

- recognize the need to change
- accept responsibilities for change
- declare and document values in new mission and vision statement that are people driven and focused
- communicate, even broadcast, new values

II. The Collective Commitment:

- obtain untainted feedback from workforce and trade union (employee satisfaction survey)
- resist the automatic response of defense and blame
- be at risk and encourage positive criticism
- view the process as a never ending journey and a new way of living
- religiously monitor and manage the process

III. Empowered Action:

- jointly develop and implement focused strategies for change
- treat failures as temporary setbacks to learn from
- live by your word and speak powerfully
- recognize and reward change behaviours
- don’t stand on principles that are no longer useful
- celebrate each successful step in the process

IV. Desired Change

The following case concerning Alcan shows how a tripartite model of workplace governance, which includes a role for government, can improve company competitiveness.[1]

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[1] Based on the joint presentation of Mr. Rickert Allen, manager, Compensation and Employee Relations and Mr. Norman Da Costa, Vice President and Deputy Island Supervisor, National Workers’ Union, Jamaica, at the Caribbean Enterprise Forum, 2001.

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