

“Navigating the Industrial Relations (IR) Climate, issues and Challenges for Small Entrepreneurs”

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First of all I wish to express my gratitude to the President of the Industrial Court - Ms. Deborah Thomas-Felix - for inviting me to share some thoughts on the topic ***navigating the Industrial Relation Climate, Issues and Challenges for Small Entrepreneurs.*** I am not sure if I was asked to address you as CEO of the TTMA or as a lecturer at the Lok Jack Graduate school of business, where Ms. Felix was one of my students, a brilliant one at that. All the same, I hope that I am able to share some insights on the topic, be it controversial or not.

Let me say it is really a pleasure to be here today to speak to this distinguished audience and as the CEO of the Trinidad and Tobago Manufacturers' Association, where almost 1/3 of the membership are identified as Small and Medium Enterprises, I can say with some level of authority that I have an appreciation of their concerns as it pertains to the Industrial Relations climate in our country.

When I was asked to speak to this audience, on this topic, I had to do some hard research, since there is a paucity of data on the SME sector in Trinidad and Tobago on this particular issue. Thus, I wish to state that some of the data I am referencing is based on normative means and I am not speaking on behalf of the association, I am speaking as a researcher of the issue based on my interaction with some of the SMEs in T&T.

With that said, industrial relation issues have become very important to the business environment in T&T and the world at large within recent times, for it is seen as having a major impact in developing an enabling economic and working environment. Thus, my presentation will look at the impact of globalisation on industrial relations for SMEs in Trinidad and Tobago; Challenges they face and how they are seeking to cope with the outcome.

With globalization, workplace practices are under a constant state of flux. And today, more emphasis is placed on creating facilities for training in labour law and industrial relations such as negotiation, wage determination, dispute prevention and settlement.

L&G, good industrial relations, which is essential in order to ensure healthy and sustainable working lives, have assumed an important role in the context of globalization. As such, employers in every country need to identify what aspects of industrial relations are relevant to them and determine how training could be delivered. Today, there is no organization that prospers without a sound industrial relation that can boost work performance. The reason I say that is because it speaks to building relationships between workers and employers. It is seen as a hallmark of a fair and decent society where there are decent pay and working conditions, a meaningful and secure job and a safe working environment. All important ingredients to both the employer and employee and the society as a whole.

Ladies and Gentlemen of this distinguished gathering, I am not going to define for you what is Industrial Relations; many of the speakers this morning would have done that. What I am here to tell you is that more than ever today, globalization is emphasising the importance of IR to industrialization and

economic development. It is creating new challenges for governments and the social partners. We have seen the struggles of countries such as Greece, Spain, Portugal and Ireland. We have seen reports of the difficulties experienced in the United States of America with regards to industrial relations.

However, while there are challenges on the global front with respect to IR, it has also brought with it a number of strategic opportunities. I firmly believe if parties can take advantage of these opportunities, enterprises and workers will be better positioned allowing for T&T to experience strong economic growth and development.

Due to globalisation, enterprise now faces challenges, which require the organisation to build new capabilities. This innovation has created opportunities for the industrial relations professionals to play a leadership role in assisting organisations to meet the competitive challenges. With the rapid expansion of the global markets, the industrial relations professionals must think globally and transform same to meet local needs. Today, they must be more literate in the ways international customers are handling commerce and competition than

ever before. Globalization has given concern for processes and competencies, more emphasis on customer/client satisfaction, increased education and enlightenment of workers amongst others.

I should also mention that I have found that Globalisation is making it difficult for organisations to shape employee relations policies solely in terms of a national or sub-national government jurisdiction as some international pressure groups can exert a lot pressure on governments to regulate some areas of employment. And we can see a plethora of examples emanating from the developed countries of the world.

Today, in Trinidad and Tobago, industrial relations is constantly an issue. The country continues to face increasing frequency of strikes, work stoppages and other industrial action related to negotiations for new collective agreements. This is having a spiral effect for the SMEs in Trinidad and Tobago. There is a cost associated with such activities, and such a cost erodes the competitiveness of the business community in the country.

The World Economic Forum has ranked T&T 83 out of 144 countries in relation to competitiveness. At the same time Barbados is 39 points higher than us. Why is this the case? Well the three main problems of doing business in T&T are identified as Crime; Inefficiency and poor work ethic. Today I am going to concentrate my talks on poor work ethic. This is primarily responsible for issues arising between employers and employees resulting in industrial relation actions. I quote the President of the Industrial Relations court who indicated that work stoppages are bad for the country. It goes without saying that industrial action in any form and by anyone can lead to disruptions, losses in production and ultimately adverse long-term economic consequences. Businesses in T&T cannot continue to bear the cost of Industrial actions and I am not advocating there should not be a framework for standing up of workers' right, but the increase regularity of disruptions that are occurring in the working environment of our country is not ideal for our sustained economic growth. The time has come for the key stakeholders to address the issue, allowing for minimal disruptions in the working environment. I reiterate disruptions of the working environment benefits no one, especially the SMEs of the country that

cannot cope with unwarranted increases in the cost of production because of industrial actions.

My research has revealed that in Trinidad and Tobago, there are about 18,000 SMEs, employing approximately 200,000 persons or close to 35 per cent of the workforce and contributing near to 20 per cent of the gross domestic product. The SME is an important pillar for economic survival and growth in Trinidad and Tobago. The Central Statistical Office (CSO) defines a small enterprise as having 6-25 employees, assets of TT\$250,000 to TT\$1.5 million and annual sales between TT\$250,000 to TT\$5million and estimates that SMEs represent over 85% of all registered businesses in Trinidad and Tobago.

L&G SMEs continue to provide a key service to the country and its workers. They offer their workers a range of fringe benefits including health insurance, transport allowance and maternity leave. They build capacity particularly in manufacturing and services areas. In manufacturing, more than 40% of the firms

provide training in either more general, technical or specific production skills to their employees.

Industrial relations actions creates a challenge for SMEs to survive in the existing global environment. Information gathered have revealed that small entrepreneurs have reported that there is a slant in the decisions (taken by the Industrial Court) favouring employees and this is fuelling an unproductive and inefficient workforce. The resulting effect is that T&T SMEs are likely to become more uncompetitive on the global market. I quote a manufacturer who indicated to me that one of the biggest problem of doing business in T&T is not technology, rules or government, it has to do with work ethics. Poor work ethics continues to create problems in building our competitiveness. And with poor work ethic, as indicated above, this is one of the main ingredients for Industrial Relations issues rearing its ugly head.

Another area of concern expressed to me is that the SMEs are unable to discipline for wrong doings. Stealing, non-performance and poor attendance resulting in dismissals are viewed by Industrial Relations courts as “harsh and

oppressive”. Now I am not here to argue the rights and wrongs of this particular situation, what I would say is perceptively it appears that the industrial relations climate in Trinidad and Tobago seems to create an environment that is not conducive to building the labour force to compete in a truly global arena.

I know I am being a bit out there with these issues, however, I am reporting the facts as reported to me as CEO of the TTMA; I am further advised that some Entrepreneurs are reluctant to get into business, or expand operations due to HR issues and poor work ethics in the country. This results in employers issuing “Contract work” instead of permanent status resulting in higher turnover. Now what this means for employees who as a result do not enjoy job stability, pension and health plans? Are we going down a slippery slope?

Even more controversial is the fact that this continued labour crisis, and I use the term loosely, is forcing employers to seek foreign labour i.e. Chinese, Guyanese and African labour because these workers stay away from local HR industrial relations. Is this the environment we want to create in T&T?

Distinguished ladies and gentlemen, we need to seek to address this problem frontally. Too often there has been a failure by successive governments to ensure local labour laws conforms to international labour standards. In my mind, those in authority have failed to pursue genuine tripartite processes with the social partners allowing for the development of a framework that will take all parties' concerns on board and thus create an environment that is conducive toward productivity and growth of the individual, company and ultimately country.

In Trinidad and Tobago we need a framework that considers timeliness in the processing of industrial relations matters. As representative of the manufacturing sector, we don't want a framework that speaks to an over-dependence by employers on the settlement-of-differences procedure where there are violations of the collective agreement.

Today I am calling for the Labour Code that was promised to the nation since 1972. I firmly believe that such a labour code will bring fairness and justice for employees and employers alike. It will also allow employers to have confidence

in the system as such they will no longer seek to avoid Industrial Relations due to - whether it is perception or real - assuming it will not rule in their favour, thus resulting in settling outside of IR courts.

It is clear that what our industrial relations system needs now is a modernized legal framework which is relevant to changes in working life, modern human resource management practices and technological advancement, which supports economic stability and measured growth. We need to ask - How are we to reduce the disruption caused by strikes whilst maintaining our international competitiveness? and How are we to ensure that the views of the majority of workers - that is - the non-unionized workers are heard? I reiterate that there is need for the government to pursue tripartite processes with the social partners. I do applaud the Government for the re-introduction of the Industrial Relations Advisory Committee which is helping to address reforms on the legislations to the Industrial Relations Act, but work is required for input from several stakeholders.

I conclude by stating that IR and Union systems need to be designed to facilitate healthy, progressive, productive and innovative working conditions for BOTH employer and employee because one cannot exist without the other. Until a progressive system is designed to balance the needs of both, the true entrepreneurs will find ways to still prosper - especially as the global boundaries disappear. It is in the interest of the local labour that the IR and Unions recognize that some 'tough love' (not abusive love) to the employee (when required) is much needed in correcting the poor work ethic of local labour. At the same time, I also encourage employers, as the force driving economic changes, and their organizations to take the initiative to develop a reform agenda, which can deliver these benefits. This will require a strategy directed to improving employment relations which seeks changes in attitudes and behaviour in the workplace and addresses the key issues of skills development, compensation, work organization and flexibility, and cross-cultural management. Also it is imperative the employers take cognisance to the needs of their employees, which means taking an interest in them and acting in their

best interests. New social data is showing that the most innovative companies are the ones with the happiest employees.

With those few words, I thank you for your attention.