

VIEWPOINTS 2000

**Labour-Management
Relations in Canada:**

Trends and Impacts

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**Canadian Labour and Business Centre
Viewpoints 2000**

**Labour–Management Relations in Canada:
Trends and Impacts**

Labour-Management Relations in Canada: Trends and Impacts

Thematic Highlights of the Canadian Labour and Business Centre's *Viewpoints 2000*

In a biennial survey that began in 1996, the Canadian Labour and Business Centre surveys labour and management in the private and public sectors to identify their current perceptions on the state of labour-management relations in Canada, and to track the factors underpinning these perceptions as they evolve over time.¹ Each survey asks questions concerning the state and impact of labour-management relations at different levels of interaction (i.e., workplace, industry and economy-wide) in Canada.²

The health of the relationship between management and labour has a very real impact on the economic and social well being of all Canadians. The state of this relationship affects economic performance at different levels of the economy. The interactions between management and labour may be quite different at the various levels, from individual workplaces to industry sectors to the national economic environment and labour market. Still, the labour-management relationship can affect both policy and practices, with positive or negative consequences on the lives of workers and the performance of organizations.

Viewpoints 2000 was conducted during a period of improved economic conditions. Employment was up; unemployment levels had decreased.

In the private sector, both companies and unions seem to have digested and adjusted to the wave of economic and industrial restructurings, layoffs and downsizing, and workplace reorganizations that had dominated their environment in the early years of the past decade. Similarly, in the public sector, the restructuring and fiscal restraint of the past few years has started to ease.

Within this context, management and labour are concerned less about job shortages and more about skills shortages and related recruitment and retention issues. People are also increasingly preoccupied with “healthy workplace” issues such as stress levels, morale, and work-family balance.

The analysis of Viewpoints 2000 highlights several important findings with respect to labour-management relations in Canada.

¹ Viewpoints 2000, conducted by the Canadian Labour and Business Centre between March and April 2000, was sent to 4442 private and public sector management and union leaders. The total number of responses was 790, or an 18 percent response rate, which is in line with surveys of this type.

² Each survey also asks a range of questions relating to labour and management perceptions of the challenges facing the Canadian economy, trends in the nature of work and work organization, and related areas of work. This report is the third in a series of analyses of the 2000 survey. For information concerning the other Viewpoints 2000 reports (The Healthy Workplace and Issues and Solutions), (as well as 1998 survey reports) visit our Web site www.clbc.ca

1. Evidence suggests there has been a marked improvement in labour-management relations in the public sector over the last two years, and a stabilization of relations in the private sector.

The 1998 survey found that labour and management perceptions were most divergent within Canada's public sector. While labour-management relations still appear to be better in the private sector (at the industry and workplace levels) than in the public sector, the last two years have seen a marked improvement in labour-management relations from both a public sector management and labour perspective. This is evident particularly at the industry and economy-wide levels. The perceived improvement in the public sector was greater than the perceived improvement in the private sector. As a word of caution, *such a trend does not deny that significant relationship issues and points of conflict continue to exist in the public sector.*

2. Labour's overall view of labour-management relations continues to be consistently more negative than that of management.

On virtually every aspect of Canadian labour-management relations, labour expressed a more negative view than management. This applied to the state of labour-management relations in 2000; to changes in relations over the past two years; to the effects of labour-management relations on economic performance; and to the expected evolution of labour-management relations over the next two years. The consistency of these views over time indicates a continuing unease, and suggests the need for improved communications between the constituencies.

3. The impacts of current labour-management relations on workplace indicators are generally still seen as negative by both labour and management.

The overall net effect of current labour-management relations on most aspects of workplace performance continues to be viewed as more negative than positive by the leaders of labour and management in both the private and public sectors in Canada. Labour leaders in both the private and public sectors were more negative in their assessment of the effects on workplace performance than their management counterparts. Public sector respondents in both labour and management generally have more negative assessments than their counterparts in the private sector.

4. Labour, both in the private and the public sector, clearly thinks that the state of the labour-management relationship influences key workplace performance indicators more than does management.

While both management and labour identify specific performance indicators that, in their opinion, are affected by the state of labour-management relations, it is labour respondents in particular who consider the state of labour-management relations an important factor in workplace and economic performance.

This is borne out by labour's more negative perceptions of the impact of the current labour-management relationship across a range of workplace performance indicators: morale, costs and productivity, employee turnover, innovation, job security, quality, training, job creation and investment.

On the Radar Screen

It is worrisome that labour seems to attach more importance to the labour-management relationship than does management. When the relationship is good, labour is more positive and has higher expectations than management; and when the climate is poor, labour's expectations seem to plummet more deeply.

In another section of the Leadership Survey, which asked labour and management to identify and rank the indicators of a healthy workplace³, seventy percent of management and labour leaders agreed that the principal indicators of a healthy workplace are good working relationships and high morale.

Both labour and management are apparently making the link -- although to differing degrees -- between the current state of labour-management relations, and critically important issues such as morale, job security, training, skills shortages, recruitment and employee turnover.

Just as new-economy factors are changing the way we define a healthy workplace, forces such as globalization, technology, new forms of work organization, and competition for skilled workers are bringing labour and management to re-define the parameters of their relationship. At the same time, both parties are at least tacitly recognizing that the state of their relationship -- good or poor -- has a real impact on the health of their workplace, on economic performance and productivity, and ultimately, on the social and economic well-being of all Canadians.

³ "The Healthy Workplace" survey results were released in June, 2000 and are available in Executive Summary on the Web site, www.clbc.ca (Viewpoints 2000)

Labour-Management Relations in Canada: Trends and Impacts

Analysis of the Canadian Labour and Business Centre's *Viewpoints 2000*

I. Current State of Labour–Management Relations

Private and public sector respondents to the Canadian Labour and Business Centre survey were asked their views on the current state of labour-management relations at three levels – the workplace level, the industry level and the economy-wide level. Their responses were recorded in five categories ranging from ‘very poor’ to ‘very good.’ Chart 1 shows the proportion of respondents in each constituency who rated the current state of labour-management relations as ‘acceptable’ or better.

It is clear from Chart 1 that private and public sector managers perceive the current state of labour-management relations more positively than their labour counterparts. This more positive perception on the part of management, relative to that of labour, applies across the three levels of the Canadian economy.

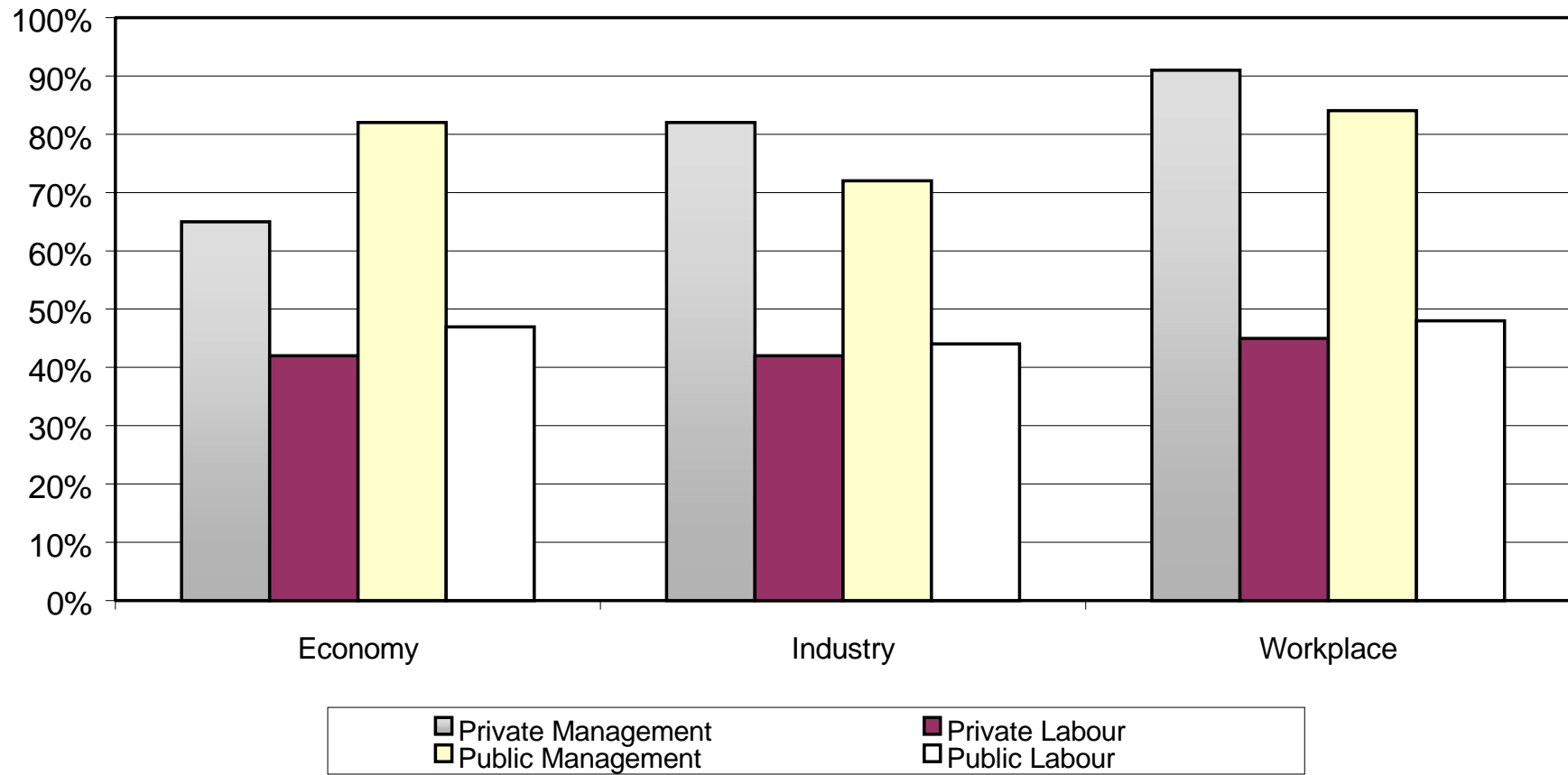
As in earlier surveys the 2000 survey found that management, particularly in the private sector, has a more positive view of labour-management relations at lower levels of aggregation, i.e. the company and workplace level. Public sector management has the most positive view at the workplace level, but the least positive view at the industry level. This highlights an important difference between the public and private sectors.

In the private sector, collective bargaining often takes place at the local (i.e., workplace) level, which is also where working relationships are developed. Hence in the private sector there is an opportunity for positive working relations to influence collective bargaining relations at the workplace level. In the public sector, however, collective bargaining generally occurs at the industry level, which is not the level at which working relationships are developed. Thus there may be a “disconnect” which may prevent good working relationships from influencing collective bargaining in the public sector.

Compared to management, the views of labour leaders in both the public and private sectors on the state of labour-management relations are uniform across the economy-wide, industry and workplace levels.

Finally, a comparison of private and public sector responses shows that, at the industry and workplace levels, private sector management is more positive than public sector management in their view of the current state of labour-management relations. Labour leaders in the public sector are somewhat more positive than their private sector counterparts, though the differences are not significant.

Chart 1: Ranking of Labour-Management Relations
(Percent who ranked relations as acceptable or better)



II. Changes in Respondents Perspectives, 1996 –2000

Charts 2a to 2c show how the perceptions of Canadian Labour and Business Centre survey respondents on labour-management relations have changed over the period 1996-2000, at the three different levels. At the economy level, public sector management and labour exhibited the same trends since 1998, that is, a sharp increase in the proportion that view current labour-management relations as acceptable. This is in contrast to the views over the 1996-1998 period, where public sector management and labour had opposing perceptions of how labour-management relations had changed.

In the private sector, the trend lines for management and labour views have followed a similar pattern to that of the public sector, rising from 1996 to 1998, and then remaining steady since that time. This implies that labour and management in the public sector perceive that labour-management relations have improved at the economy-wide level, while private sector perceptions indicates a stabilization of views concerning the relationship since 1998.

At the industry level, most survey respondents indicated a marked improvement in the state of labour-management relations over the 1996-2000 period, despite a slight perceived worsening in 1998. The exception in this case is private sector labour leaders, who see only a slight improvement in their labour-management relationship.

At the company/workplace level, private and public sector management see no improvement in the state of labour-management relations over time. However, the level of those indicating that relations were acceptable or better in the first place is very high (91 percent for private sector business). Among labour leaders, private sector respondents perceive no change in the relationship, while public sector labour leaders perceive a marked improvement in the state of labour-management relations at the workplace level.

What is striking about the 2000 survey results, as compared with the 1998 survey results, is the improvement in the perceptions of public sector labour leaders about the state of the labour-management relationship at all levels. The 1998 survey indicated that public sector labour respondents saw labour-management relations as deteriorating. While these trends are encouraging there is still a large gap between management and labour views in the public sector and many issues remain to be resolved.

Chart 2a: Change in Labour-Management Relations 1996-2000: Economy Wide

(Percentage responding that state of relations is acceptable or better)

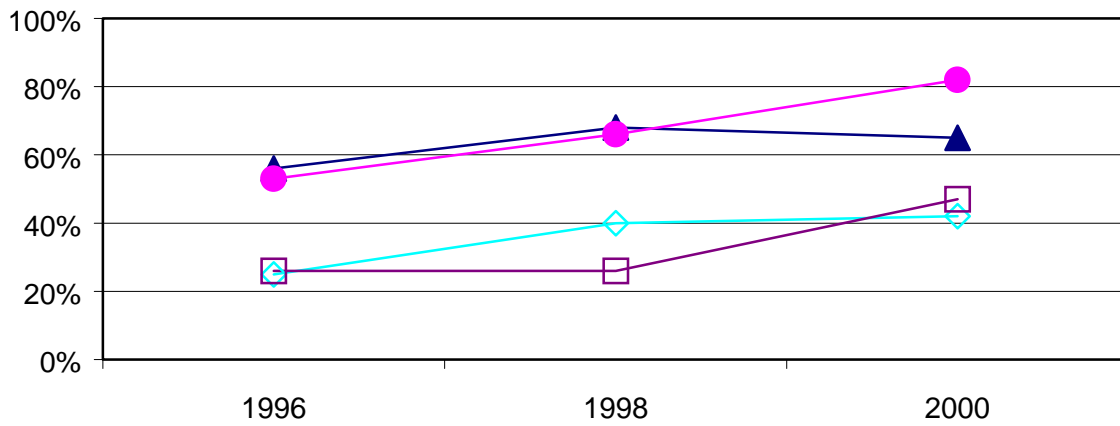


Chart 2b: Industry Level

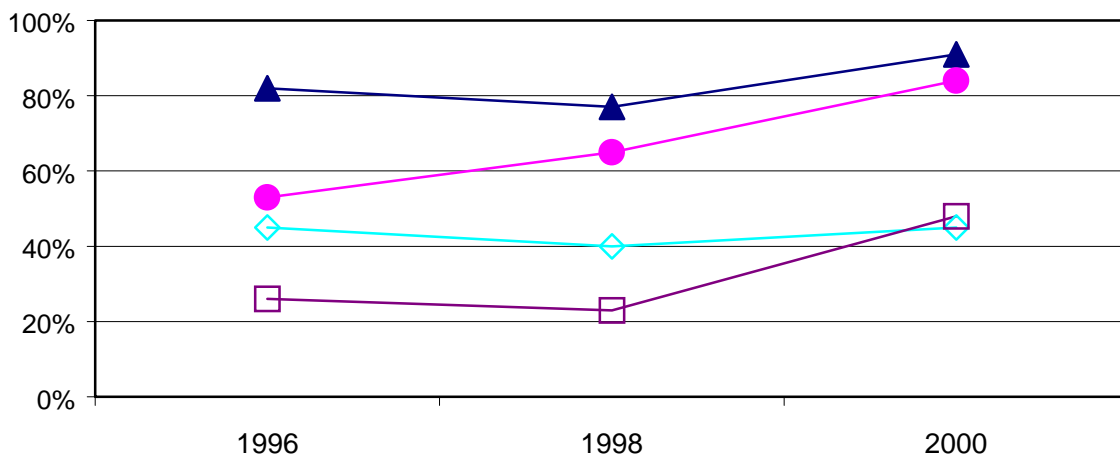
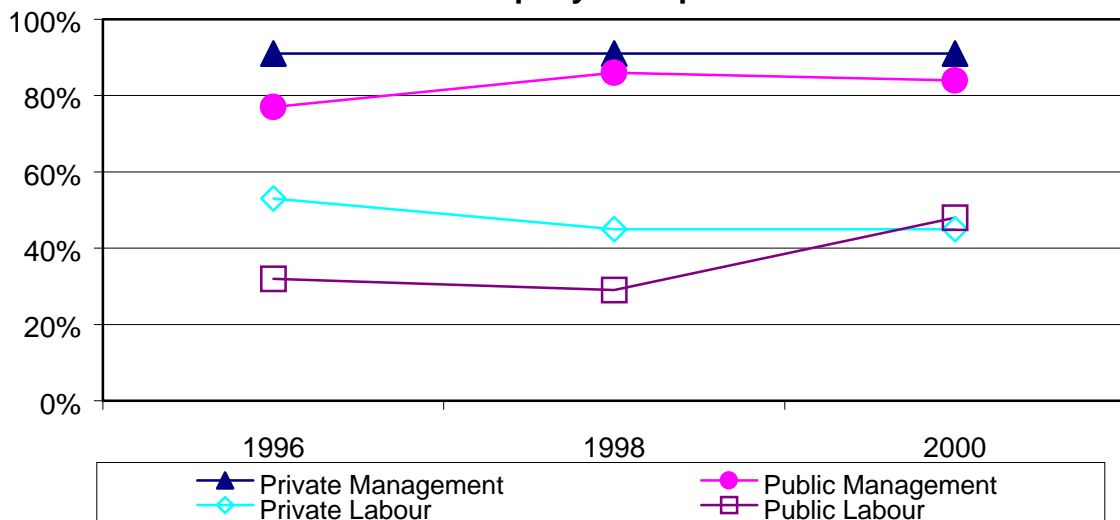


Chart 2c: Company/Workplace Level



III. Impact of Current Labour-Management Relations on Indicators of Workplace Performance

A: Overall Analysis

Canadian Labour and Business Centre survey respondents were asked their views on the impact of the current state of labour-management relations on various aspects of Canadian workplace performance. Their responses were recorded in five categories ranging from 'very negative' to 'very positive'. The percentage who indicated a positive impact and the percentage indicating a negative impact for the different workplace performance indicators are displayed in Chart 3 for labour and management overall.

The indicators in Chart 3 are ranked by the negative responses of labour leaders, with the most negative at the top. Thus the largest percentage of labour leaders indicated that current labour-management relations had a negative impact on morale, while the smallest percentage noted a negative impact on investment.

As in the earlier Canadian Labour and Business Centre Leadership Surveys (1996 and 1998), the impact of current labour-management relations on most aspects of workplace performance continues to be viewed more negatively by labour leaders than by management (the negative bars in chart 3 are longer among labour leaders than they are for managers).

The most interesting finding illustrated by the chart is that labour and management agree on which workplace indicators are most negatively impacted by the current state of labour-management relations: morale and costs and productivity. Overall, 73 percent of labour leaders and 44 percent of management leaders believed the current state of labour-management relations had a negative impact on morale. Similarly, 60 percent of labour leaders and 47 percent of managers agreed that the impact of current labour-management relations on costs and productivity was negative. In other words, management and labour agree that the major casualties of a bad labour-management relationship are worker morale and costs and productivity.

Charts 4a and 4b repeat the analysis of chart 3 for the private and public sectors respectively. The two charts confirm that for the majority of private and public sector respondents, costs and productivity and morale are the two workplace indicators most negatively affected by the current state of labour-management relations. Only among private sector labour did this pattern vary somewhat; for these respondents morale was the most negatively-affected indicator while costs and productivity was ranked fourth.

It is worth noting the very large difference between labour and management views in the public sector regarding the impact of current labour-management relations on job security. Thirty five percent of managers believed current labour-management relations had positively affected job security but only 12 percent of labour leaders agreed with them. By contrast, 56 percent of labour leaders thought that the impact on job security was negative – a view shared by only 24 percent of management. There are also significant differences between management and labour regarding the impact of current labour-management relations on turnover, although these are less marked than those for job security.

These quite different perceptions may reflect labour and management’s differing views of the impact of the restructuring and downsizing that has occurred on job security. Labour leaders may remain to be convinced that their members’ job security has been enhanced in this way.

Comparing the private and public sectors, charts 4a and 4b indicate that higher proportions of public than private sector respondents report negative impacts on workplace indicators from the current labour-management relationship. This is true for all indicators among labour leaders and for over half the indicators among managers. The larger negative responses would appear to reflect the notion that the public sector has continuing problems despite the improvements in the labour-management relationship noted in section II. The differing views on job security would suggest one area of concern, while the high negative impacts on morale and costs and productivity indicate others.

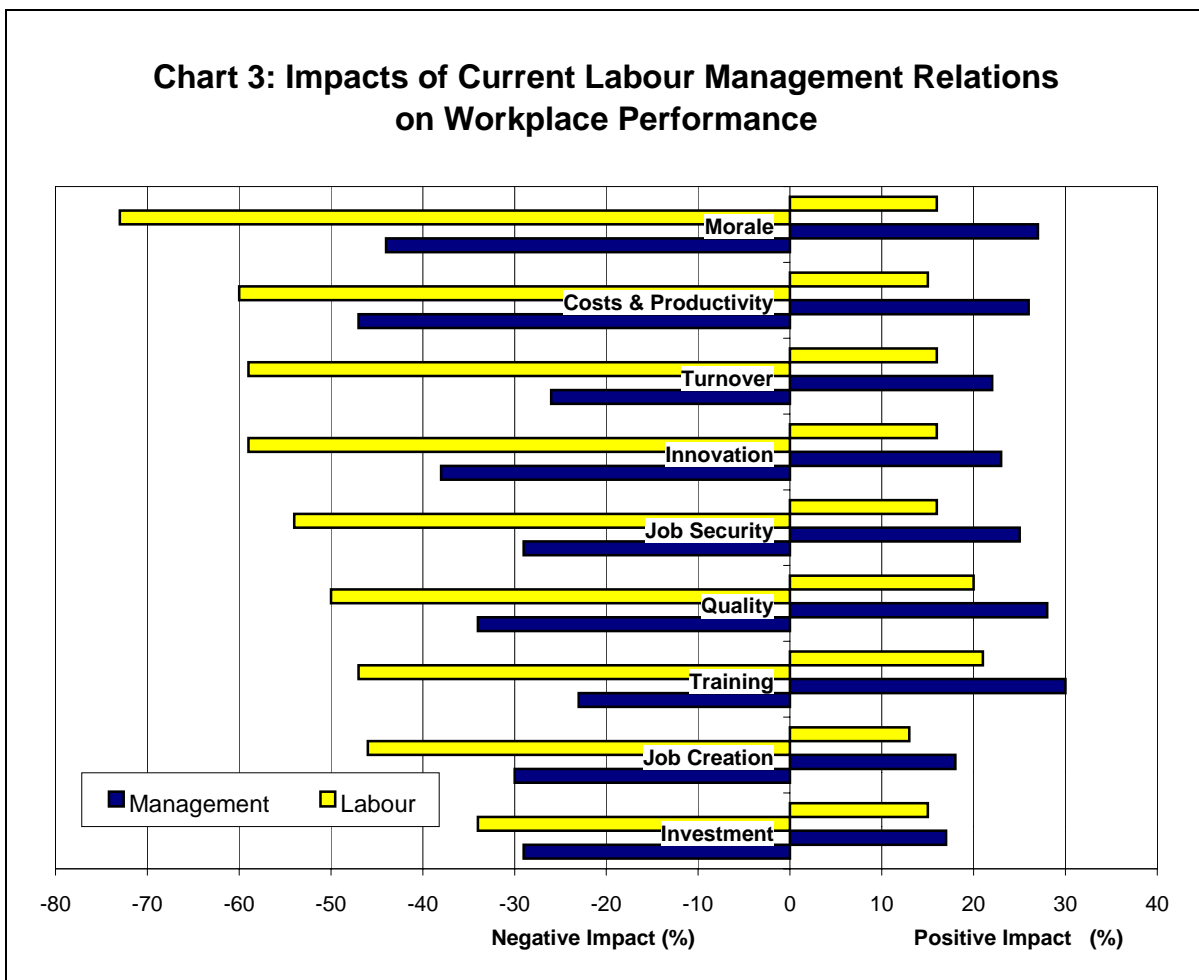


Chart 4a: Impacts of Current Labour Management Relations on Workplace Performance: Private Sector

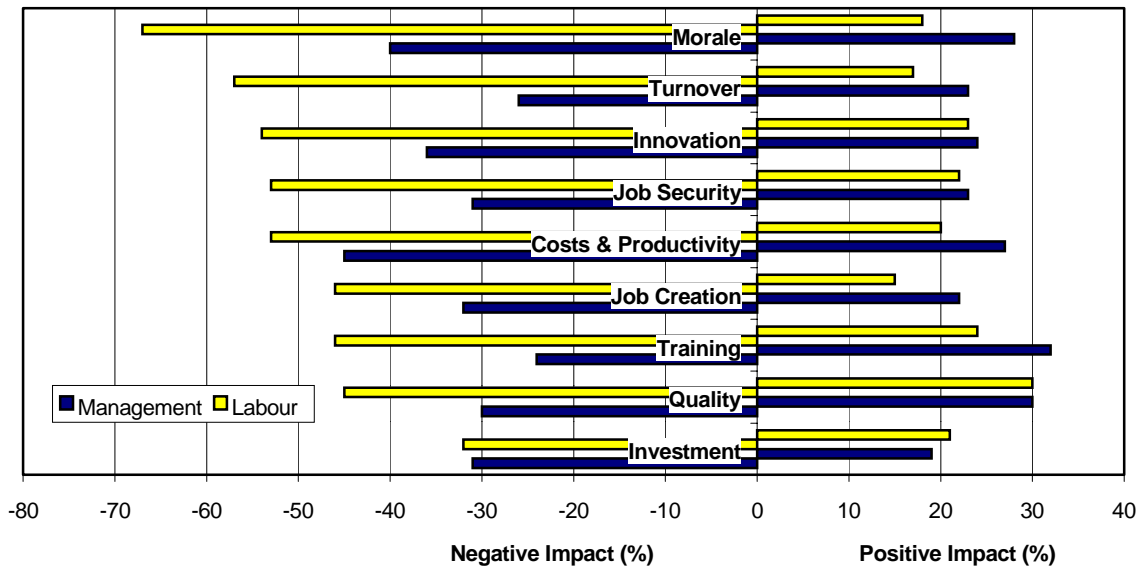
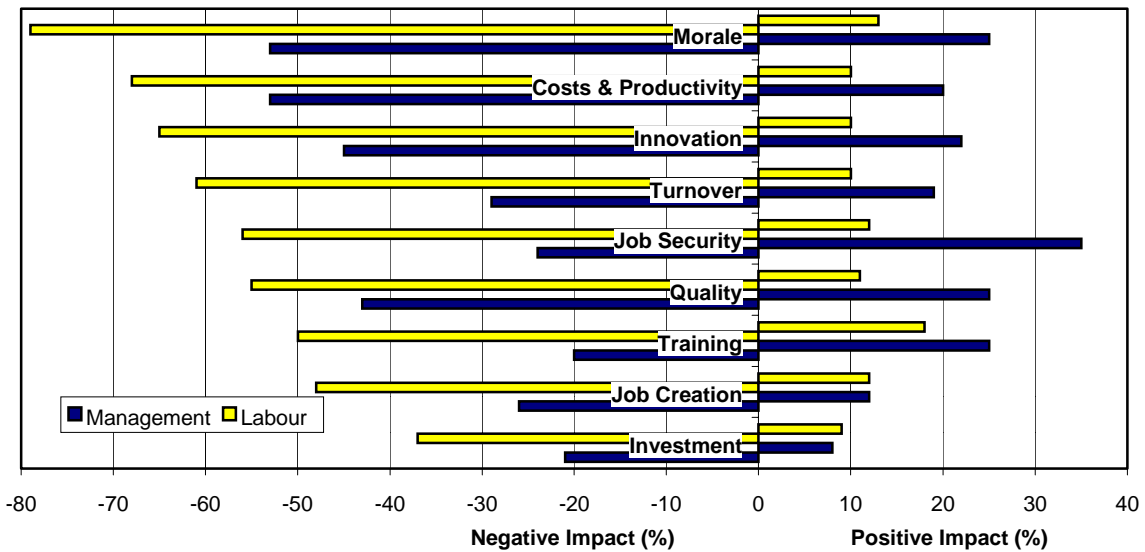


Chart 4b: Impacts of Current Labour Management Relations on Workplace Performance: Public Sector



B: Detailed Analysis

Charts 3, 4a and 4b analyzed the perceived impacts on workplace performance of the current state of labour-management relations. However the current state of labour-management relations can be either “good” or “poor”. In order to provide a clearer picture of the perceived impact of a given state of labour-management relations on workplace indicators, the respondents were separated into two sub-samples: those who perceived labour-management relations as being good and those who viewed them as poor.

These two groups’ perceptions are shown in Charts 5a and 5b. Chart 5a shows the perceived impact on workplace indicators among those who see labour-management relations as good; Chart 5b shows the similar impacts for those who viewed labour-management relations as poor.

The two charts reveal important differences. It is clear that those respondents who view labour-management relations as good also consider these relationships make a large positive contribution to all indicators of workplace performance. The opposite holds for those who view labour-management relations as poor. Thus good labour-management relations are seen by both labour and management as enhancing workplace performance; poor relations inhibit it.

Furthermore labour generally attaches more importance than management to the impact of labour-management relations on workplace performance. Labour is more positive than management on the impacts of workplace indicators when labour-management relations are good. Conversely labour believes the negative impacts of poor labour-management relations on workplace indicators are greater than what management believes the impacts are. Consequently labour has stronger perceptions than management on the impacts on workplace indicators and clearly sees labour labour-management relations as a more important determinant of workplace performance than does management.

Looking at the specific aspects of workplace performance most affected by labour-management relations is also quite revealing. Within a given sub-sample, - “good” or “poor” – there is a significant amount of agreement among management and labour on the perceived impacts of the state of labour-management relations on specific aspects of workplace performance. Thus among the “good” sub-sample (Chart 5a), there are similar responses between management and labour on the positive effects of good labour-management relations on job creation, turnover, morale, training and to a lesser extent costs and productivity and quality. Similarly, in Chart 5b there is agreement among management and labour on the negative impacts of poor labour-management relations on costs and productivity, quality, investment, job creation, innovation and morale. Here it is notable that four of these six performance aspects are common, suggesting a shared perspective on those aspects most sensitive to the state of labour-management relations.

The differences between management and labour are also worth noting. Labour is significantly more positive than management about the impacts of good labour-management relations on investment, job security and innovation (Chart 5a). Where labour-management relations are poor, labour is significantly more negative than management over the impacts on training, turnover and job security (Chart5b). The presence of job security in both cases suggests that this is one area where there are very real and persistent differences of opinion

between labour and management over the impact of labour-management relations on this workplace indicator.

Two important conclusions are thus evident from this detailed analysis. First, the views on the impact of labour-management relations on workplace indicators reflect labour and management views on the current state of labour-management relations. Those who view the relationship as poor see large negative workplace impacts; those who see labour-management relations as good see large positive impacts at the workplace. These conclusions hold particularly strongly for labour respondents.

Second, analyzing perceived impacts on a consistent basis reveals a surprising degree of agreement between labour and management on the impact on specific aspects of workplace performance of a given state of labour-management relations. Both constituencies share similar views on those aspects of workplace performance most sensitive to the state of labour-management relations. The only indicator where there appear to be very different views on the impacts of the state of labour-management relations is job security.

Chart 5a: Impact of Labour Management Relations on Workplace Indicators According to Respondents Who Viewed Relations as Good

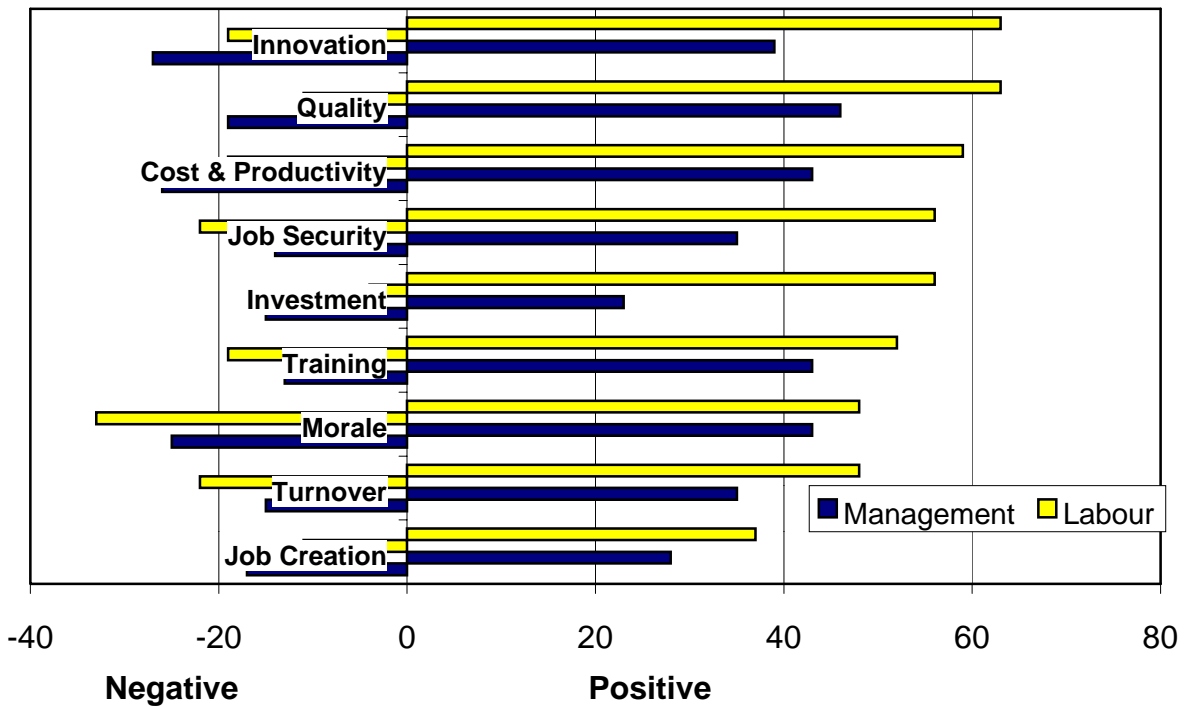
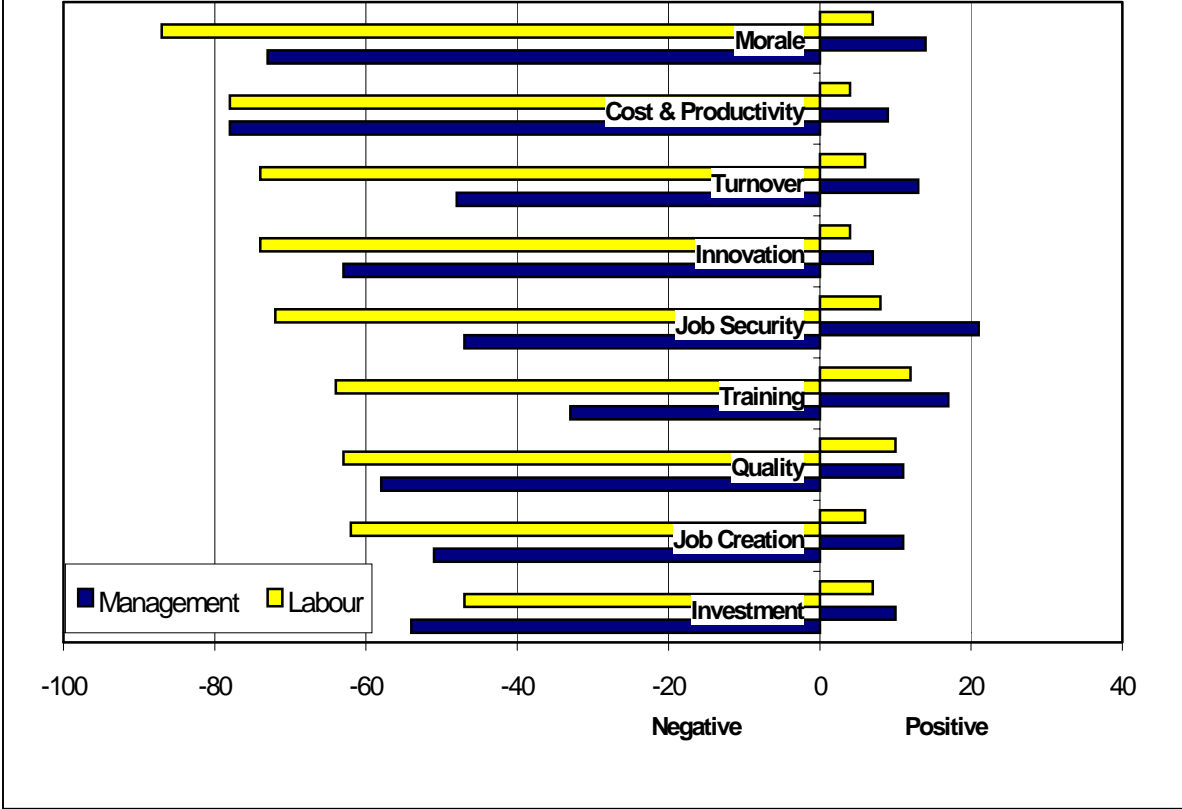


Chart 5b: Impact of Labour Management Relations on Workplace Indicators According to Respondents Who View Current Relations as Poor



IV. Factors Affecting Labour-Management Relations

Respondents were asked to list the key factors that they believe have affected labour-management relations. The question was open-ended, and (using interpretation and judgment) the responses were grouped into categories. As the goal here is to identify the major factors highlighted through total responses, less attention was paid to precise statistical percentages.

The table below presents, for 2000 and for 1998, the top four factors cited by each constituency as affecting labour-management relations.

| Rank in 2000 | Constituency | | | |
|--------------|--|------------------------------------|--------------------------------------|--------------------------------------|
| | Private Sector Management | Private Sector Labour | Public Sector Management | Public Sector Labour |
| 1 | Productivity/competitiveness (14%) | Trust/communications (19%) | Government finances/regulation (34%) | Government finances/regulation (37%) |
| 2 | Workplace practices (13%) | Downsizing/job security (14%) | Wages and benefits (14%) | Trust/communications (13%) |
| 3 | Wages and benefits (12%) | Other (13%) | Trust/communications (11%) | Downsizing/job security (10%) |
| 4 | State of the economy/low business activity (12%) | Productivity/competitiveness (12%) | Downsizing/job security (8%) | Other (10%) |

| Rank in 1998 | Constituency | | | |
|--------------|--|---------------------------------------|--|--|
| | Private Sector Management | Private Sector Labour | Public Sector Management | Public Sector Labour |
| 1 | Contract Flexibility/union rules (24%) | Workplace Practices (23%) | Government Finances and Regulation (22%) | Government Finances and Regulation (25%) |
| 2 | Workplace Practices (18%) | Downsizing or Job Security (19%) | Workplace Practices (22%) | Workplace Practices (18%) |
| 3 | Productivity or competitiveness (11%) | Trust and Communications (13%) | Downsizing or Job Security (16%) | Downsizing or Job Security (15%) |
| 4 | Downsizing or Job Security (10%) | Contract Flexibility/union rules (9%) | Wages and Benefits (12%) | Wages and Benefits (14%) |

Among private sector respondents in 2000, there appears to be less consistency than in 1998 concerning the key factors determining the state of labour-management relations. In 1998, management and labour respondents to the survey agreed on three of their top four factors: contract flexibility, workplace practices, and downsizing/job security. In 2000 by contrast, they only cited one common factor: productivity/competitiveness. Among public sector respondents there still appears to be considerable consistency between labour and management, where three common factors were cited (compared to all four in 1998).

The nature of the key factors affecting labour-management relations also appeared to change between 1998 and 2000. In 1998, labour and management in both the private and public sectors uniformly cited workplace practices and contract related issues as key determinants of labour-management relations.

In 2000, in contrast, workplace or contract related issues are rarely included among the key factors while, instead, trust and communications are identified by three of the four respondent groups (management and labour in the public sector and private sector labour). This would indicate a concern with “process issues” along with the building of an improved management-labour relationship over the longer-term, as opposed to specific practices and clauses around contract rules. Downsizing/job security nevertheless continues to be a concern among three respondent groups (labour and management in the public sector and private sector labour), as in 1998.

V. Anticipated Evolution of Labour-Management Relations Over the Next Two Years

Respondents were asked how they saw labour-management relations changing over the next two years. For each respondent group, the proportion that foresaw a worsening of relations was subtracted from the proportion that foresaw an improvement. This calculation provided each group's 'net' view on the direction of relations and the degree of change over time. Charts 6(a) and 6(b) present these 'net' views, for private and public sector respondents, respectively. In the charts, a negative bar reflects a perceived net worsening; a positive bar a perceived net improvement.

As in the 1998 survey, the general optimism of private and public sector managers contrasts sharply to the pessimism of their labour counterparts, at all levels (workplace, industry, and economy-wide). At all three levels, labour respondents anticipate a worsening of relations over the next two years. In contrast, management representatives on the whole tended to look for an improvement at every level. Compared to 1998, in 2000 both management and labour were more optimistic (management was more positive, and labour was less negative) about the next two years than they were in 1998. In the public sector, management was somewhat less optimistic, whereas labour was less negative than they were in 1998.

Nevertheless in 2000, the public sector labour respondents continue to view labour-management relations more negatively than their private sector counterparts. Public sector management is also less positive than in the private sector about the future of labour-management relations. Reinforcing this is the fact that it is at the industry level that labour is most pessimistic and management is positive, indicating some difficult challenges for the public sector as a whole over the next two years.

These differing prognoses for labour-management relations raise the question of what the parties can do to ensure that relations evolve as positively as possible. This is discussed in the next section.

Chart 6a) Anticipated Evolution of Labour

Management Relations: Private Sector

(Percentage who foresee an improvement minus percentage who foresee a deterioration)

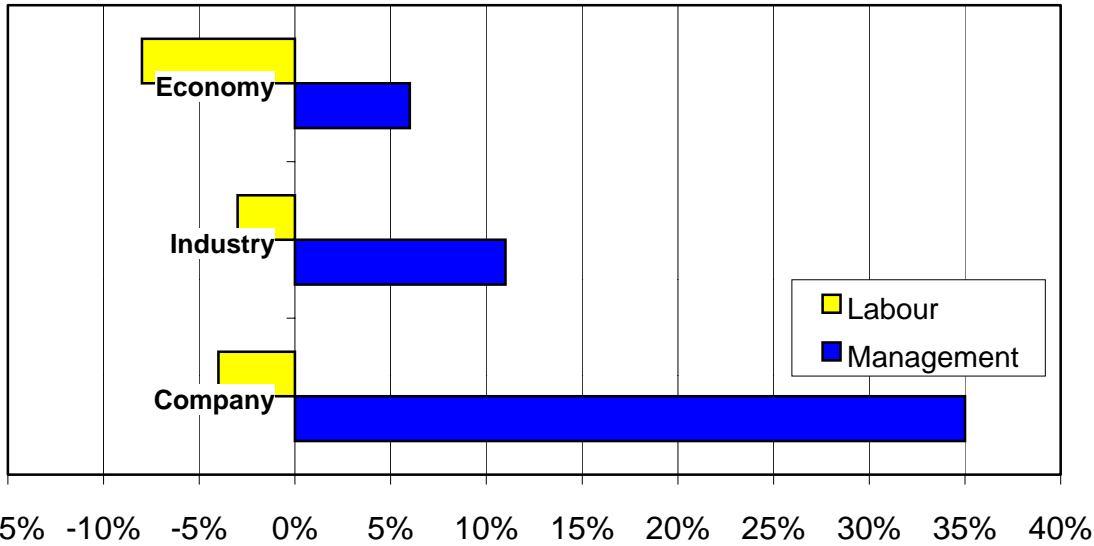
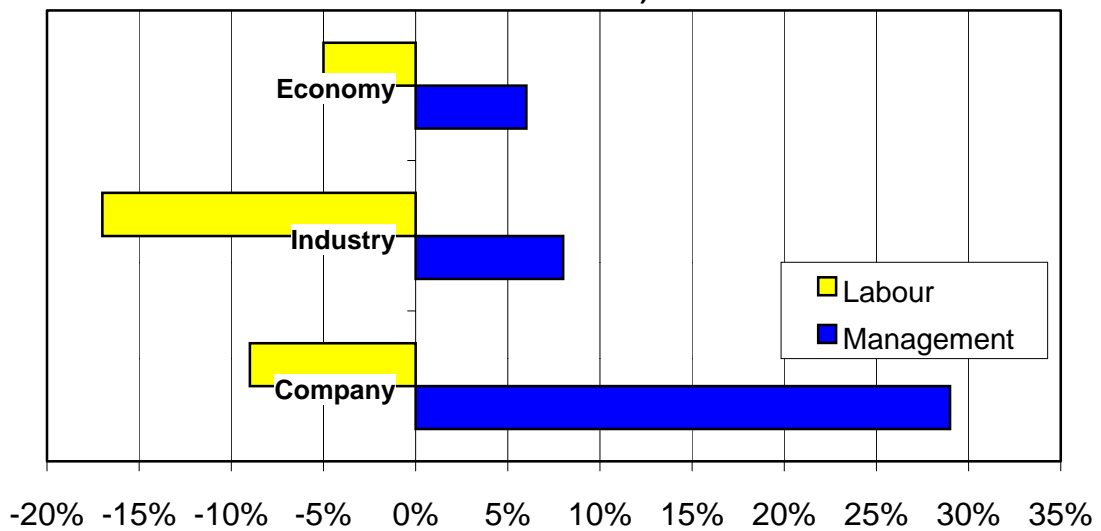


Chart 6b) Anticipated Evolution of Labour

Management Relations: Public Sector

(Percentage who foresee an improvement minus percentage who foresee a deterioration)



VI. Improving the State of Labour-Management Relations

One question that was asked for the first time on the 2000 Leadership Survey was how the labour-management relationship in Canada could be improved. This was an open-ended question and therefore judgment was used in categorizing the responses.

Charts 7a) and 7b) describe the responses to the means of improving labour-management relations. It is clear that the most frequently cited answer in both the public and private sector, and among management and labour, was the development of communications and trust. The responses were remarkably similar across the two sectors for this measure. The identification of this is consistent with earlier responses in the survey regarding important factors affecting labour-management relations.

Another action that was identified to improve labour-management relations was government action, though this was more prevalent among labour and management leaders in the public sector. The precise nature of this government action is not clear, since in the public sector the government has an additional role as *employer*, as compared to the private sector.

Chart 7a: Ways to Improve Management-Labour Relations: Private Sector

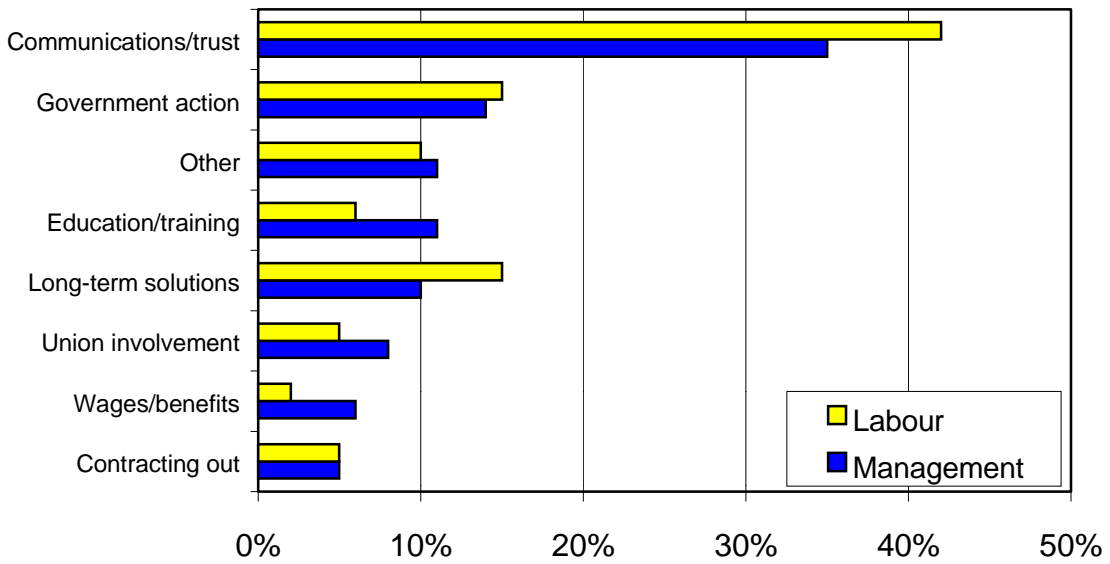
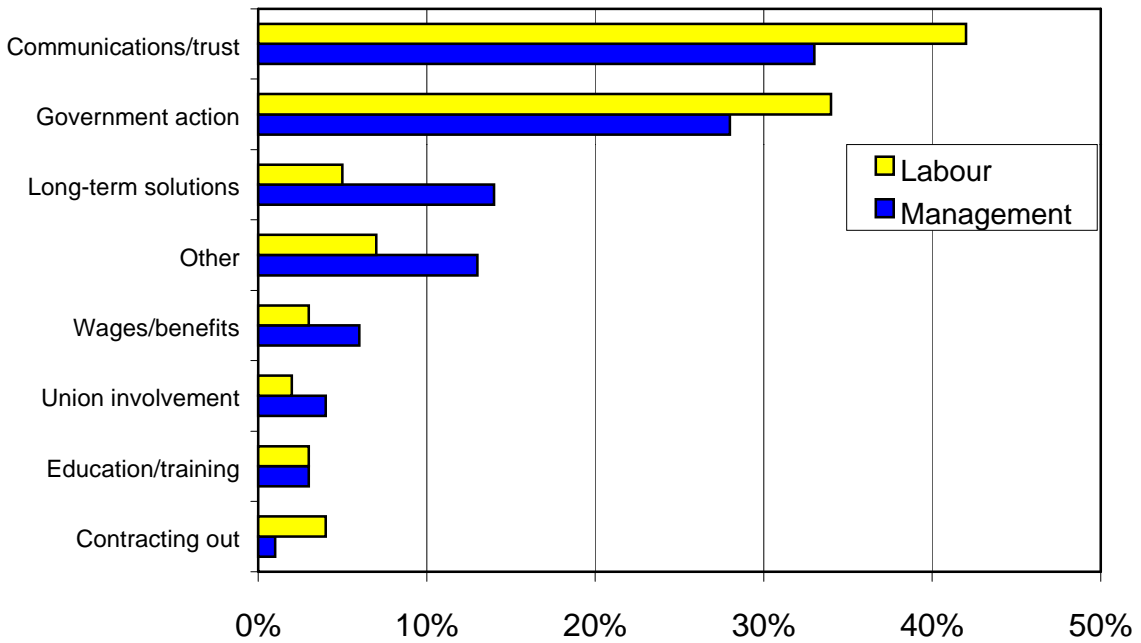


Chart 7b: Ways to Improve Management-Labour Relations: Public Sector



Conclusion

Canadian labour leaders continue to evince a more negative view of labour-management relations than Canadian leaders in management. This finding is evident in their respective assessments of the current state of labour-management relations; the impact of labour-management relations on indicators of workplace performance; and their outlook for labour-management relations of the future. In this sense the results replicate the 1996 and 1998 surveys. However, it is interesting to note that among some constituencies the state of labour-management relations in Canada is perceived less negatively (although still negative) than in the previous Canadian Labour and Business Centre surveys.

The trend line in assessments of the current state of labour-management relations, for instance, points to substantial improvements in the perceptions of labour-management relations in the public sector. Nevertheless, there are still important differences between management and labour. This suggests there are important issues and points of disagreement that the constituencies will need to address in the future. Perceptions are that labour-management relations are at their worst at the industry level, which is where bargaining typically takes place in the public sector. On the future of labour-management relations, both sides indicate that trust and communications are important factors in labour-management relations, and particularly for their improvement.

The survey also reveals a surprising degree of concordance concerning which aspects of workplace performance they perceive to be most affected by the current state of labour-management relations, and to what degree. Moreover, the strength of these perceptions reflects their view of the current state of the labour-management relationship; that is, respondents who see the current relationship as “poor” perceive significant negative workplace impacts, while respondents who see the current relationship as “good” perceive large positive impacts in the workplace. This is particularly true for labour respondents, who appear to attach more importance to the labour-management relationship as an influence on workplace performance.

The different perceptions of labour and management constituencies registered in Canada in 2000 maintain differences that have been registered in earlier surveys. By highlighting both these differences and points of agreement, the results of this survey will help both sides to focus on respective concerns, and move the discussion in a way that can lead to improved labour-management relations.