

**THE EFFECT OF TRADE UNIONS ON ORGANIZATIONAL
PRODUCTIVITY IN THE CEMENT MANUFACTURING INDUSTRY
IN NAIROBI**

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DECLARATION

This research proposal is my original work and has not been submitted for a degree award in any other university. No part of this work should be reproduced without my consent or that of the University of Nairobi.

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Declaration by the Supervisor

This research proposal has been submitted for examination with my approval as University of Nairobi supervisor.

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DEDICATION

This research proposal is dedicated to my loving husband David, to my son Kevin and daughters Kaitlyn & Abigail whose inspirations made me pursue this Master in Business Administration (MBA) course.

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I am indebted to my supervisor Dr. Mercy Munjuri who, despite her immense responsibilities and tight schedules, guided this noble course till the end. I also thank management of East African Portland Cement Company (EAPCC), Athi River Mining and Bamburi Cement for allowing me carry out this research. Last but not least I thank all my respondents for their valued contributions in making this project a success.

ABSTRACT

The study has attempted to establish the effect of trade unions on organizational productivity in cement manufacturing companies in Nairobi. This interest was stirred by the deficiency of literature on the relationship between the activities of trade unions and their impact on employees' productivity. The researcher, thus mapped out the structure of the study to address a number of objectives: establishing the various activities of trade unions in cement manufacturing industry within Nairobi; establishing the challenges of trade union activities in cement manufacturing industry; and determining the effect of trade unions on organizational productivity in cement manufacturing industry in Nairobi. Research questions were used to guide the researcher in her endeavor to achieve these objectives. A review of the existing literature has revealed that trade unions have many activities that they exercise on behalf of their members. For instance, they bargain for wages and good working condition terms; lead strikes if negotiations fail; represent workers in disciplinary case hearings; among other activities. Similarly, the literature contains the benefits of trade unions to members. These include: better remuneration negotiation; protection from exploitation by employer; access to educational facilities; among others. Using a sample of three unionized cement companies, the study choose questionnaire as the suitable research instrument to be filled out by three respondents, each from one company. The results obtained indicated that trade unions play an important role in the work-life of their members. The activities discharged such as collective bargaining, striking actions, employee representation, embolden workers and eventually make them confident and productive thus spurring organizational productivity. Accordingly, there were recommendations to the effect of allowing workers to form trade. Finally, the study identifies a need for a comparative study on unionized and non-unionized workers in the fast moving consumer goods sector to be further pursued to establish whether similar results can be obtained.

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CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Research has shown that unionized organizations are more productive than nonunionized firms are (Deery & Iverson, 2005; Pencavel, 2009; Griswold, 2010; Devinatz, 2011; Amah & Ahiauzu, 2013). They argue that this arises out of the fact that trade unions exert an upward pressure on salaries and wages. This prompts upward pressure on the cost of labor then prompts organizations' manager to increase capital's intensity as well as the labor force quality which in turn, increases labor's productivity. However, it is not always that trade unions lead to increase in productivity. Deery and Iverson (2005) further argue that if the trade unions oppose adoption of new technologies by firms, organizational productivity reduces. Trade unions affect organizational productivity either positively or negatively, they affect productivity positively if they lead to increased employee productivity by successfully negotiating for better working conditions and remuneration packages (Deery & Iverson, 2005). These outcomes motivate organizational employees who are members of the trade unions to work more efficiently thereby increasing the company's productivity.

Deery and Iverson (2005) argue that trade unions can also have a negative effect on the organizational productivity by causing employees to stop working or to engage in sabotage. This is done in cases where trade unions mobilize their members to go on strike where peaceful negotiations fail. Strikes, go slows and acts of sabotage decrease organizational productivity. This means that employers need to have a good working relationship with their employees through trade unions in order to improve productivity and avoid disruptions in workflow and business operations. The standard economic theory of trade unions and industrial democracy theory provide important basis for understanding the roles and functions

of trade unions at the work place. The standard economic theory assumes that trade unions normally lead to increased wages which forces management of firms to increase capital intensity at the workplace. It also increases the work force quality and eventually productivity increases, while the Webbs, under the industrial democracy theory looked at trade unions as being an extension of democracy from politics to industry (Devinatz, 2011).

Trade unions in the cement industry play a much similar role just like unions in other industries, they use trade union as vehicles through which employees exercise their self-determination in terms of gaining good remuneration, good working conditions, and better labor contracts. Employees collectively elect their representatives who undertake collective bargaining on their behalf; they are also avenues through which workers articulate their grievances to the organization's management.

1.1.1. Trade Unions

A trade union refers to an organization or group of workers who are united in order to articulate and attain some interests including protection of the trade's integrity, achievement of better remuneration packages, good working conditions and safety among others (Griswold, 2010). Trade unions usually have clearly defined leadership structure through which they use in order to bargain with employers. Pencavel (2009) argues that elected leaders of trade unions negotiate with employers on behalf of ordinary members of the union for better working conditions, once the parties agree they sign contracts known as "collective bargaining agreements (CBA) and may include wages and salaries, hiring and firing procedures, promotion, demotion of workers, rules and regulations among others" (p. 155).

Trade unions have had some impacts on both government and private organizations the reason for their formation and development is to fight for the rights and welfare of workers in these two types of organizations. They have always pressurized governments to make

worker-friendly laws concerning minimum wages and other trade laws (Griswold, 2010) in most cases they have been at loggerheads with governments. In their history, trade unions have had their demands met through industrial actions; strikes have been the most favorable tool for the trade unions. These strikes have often led to work stoppages and discontinuity in the production process this in turn has led to loss of revenues whenever it occurs. However, such strikes have also had adverse effects on the individual union members whereby some end up losing their jobs. Firm managers sometimes take punitive measures against members of the trade unions by sacking them when the return-to-work formula does not safeguard the employees' job security, workers end up losing their jobs. Loss of jobs then affects the welfare of the workers since they cannot earn a living. It is also important to note that trade unions sometimes condone some form of discrimination at the workplace, they only represent, fight for and articulate the interests of registered members only. Those workers who are not members can suffer in the hands of employers yet trade unions do nothing about it. This differential approach to helping employees is aimed at encouraging as many workers as possible to join trade unions. Whereas it is not clear why some workers choose not to belong to trade unions, many people fear paying union fees because it is seen as an extra tax on their salaries and wages.

1.1.2. Organizational Productivity

According to Amah and Ahiauzu (2013), organizational productivity can be conceived as the capacity of a firm or company or any corporation to realize the intended outcomes by use of minimum energy and in the shortest time possible using the least amount of money, manpower, and other inputs. It refers to the performance of the organization and is mainly improved through efficiency. Productivity in business organizations is usually pegged on their profitability. Therefore by cutting down on the costs of production, a business

organization is able to increase its productivity (Schulz et al., 2013). However, cutting down operational costs in most cases involves maintaining low wages and salaries this in turn leads to demands for wage increases by employees. Where the business gives in to union pressure and increases the wages, it must recover by demanding more output from the employees. Organizational productivity does not occur on its own or in a vacuum. In fact, there can never be organizational productivity without people. Seen through this lens, organizational productivity can therefore be considered the cumulative productivity of the individual members of that organization (Amah & Ahiauzu, 2013).

Top managers must give direction and guidance on how the organization can attain its aims more efficiently. Members in an organization work collaboratively to achieve the goals of the organization this means that human capital plays a primary role in organizational productivity (Schulz et al., 2013). If the personnel in the firm do not work productively, the general productivity of the organization will be affected negatively. On the other hand, if the members of the organization are motivated and work productively, the general productivity of the organization will improve.

1.1.3. Cement Manufacturing Industry in Nairobi

Nairobi is home to a number of cement-producing firms that supply both the national and the regional market. The increasing number of firms in the cement manufacturing industry is caused by the country's robust real estate industry. Kenya is also the leading producer of cement in the entire East and Central African region. The country exports its cement and cement-related products to neighboring countries such as Uganda, Tanzania, Rwanda, Burundi, Democratic Republic of Congo, South Sudan, and even Malawi. The companies in the cement industry include East Africa Portland Cement Company (EAPCC), Savannah

Cement, Bamburi Cement, Mombasa Cement, Athi River Mining, and National Cement (Dyer & Blair, 2012).

Bamburi Cement is one of the largest cement producers in sub-Saharan Africa and the leading cement manufacturer in Kenya. The company was incorporated about sixty-three years ago and today the largest shareholder is Lafarge. Principal local institutional shareholders include the National Social Security Fund, Kenya Reinsurance Corporation and Old Mutual Life Assurance Company (Dyer & Blair, 2012). The company's production capacity is slightly over two million tons per annum. This accounts for about 33 percent of all the cement produced in Kenya. Apart from the Kenyan operations, Bamburi Cement also has operations in the neighboring Uganda where it fully owns Hima Cement Limited. In terms of the market share, Bamburi Cement controls about 40 percent. The company's major cement brands include Nguvu, Power Plus, Power Crete 52.5, and Power Max. These products are used in structural applications such as beams, suspended slabs, ordinary construction, construction of bridges, dams, reservoirs, silos and slip forming among others.

EAPCC is the second largest cement producers in Kenya after Bamburi but it is the oldest in the country. The company was incorporated in 1933. Lafarge through its subsidiary Bamburi Cement, the Kenya government, and some Kenyans own this company. Lafarge owns 42 percent of EAPCC, the Kenya government owns 52 percent in which 25 percent held by the treasury and the National Social Security Fund holds 27 per cent, the remaining 6 percent being held by other Kenyans (Wachira, 2014). EAPCC manufactures cement and cement related products. The company uses Blue Triangle as the brand name for its products. Blue Triangle cement is majorly used in the building and construction industry for mortar preparation, cementing, and other building applications. Apart from cement, other products that the company manufactures include paving blocks, pre-stressed concrete, building blocks,

and tiles among other pre-cast products. Concrete pavers are mostly useful for road construction and construction of walkways, go-down floors, hydraulic/marine structures, filling stations and even parking bays.

Athi River Mining was incorporated forty years ago and is the third leading producer of cement in Kenya by the market share as well as by production capacity. It accounts for about 15 percent of the cement produced in the country and controls approximately 16 percent of the market share. It has subsidiary companies in the region in countries such as Rwanda, Tanzania, and South Africa. Athi River Mining is owned by H.J. Puarana's family, which controls 46 percent while Aramat Investments Limited controls 28 percent (Dyer & Blair, 2012). The company markets its cement products under the brand name "Rhino Cement". The company also manufactures non-cement products such as fertilizer, sodium silicate, industrial minerals, special building products, as well as lime. These non-cement products help the company to supplement its revenues and boost its cement production capacity.

Mombasa Cement Limited was established in the year 2007 and has a production capacity of about 1.6 million tons annually. The company mainly manufactures cement, which is sold in smaller bags as well as in bulk. The cement is used for general construction applications in roads, bridges, dams, and high-rise buildings. The principal cement varieties produced by Mombasa Cement include PPC- KP Gold, OPC- KP Diamond, and PPC- KP Silver. This company controls 13 percent of the market share and 5 percent of the cement output in Kenya (Mombasa Cement Website, 2014).

National Cement Company Limited belongs to the Devki Group of Companies. It was established in the year 2008 and is the smallest cement company both in terms of the market

share and in terms of production capacity. The company markets its cement under the “Simba” brand name. Major brands include Simba Power 42.5N and Simba Cement 32.5N. These types of cement are used in a wide range of construction such as bridges, high-rise buildings, dams, reservoirs, roads and heavy-duty structures among other construction applications (National Cement Website, 2014).

Savannah Cement is the latest entrant in the Kenyan cement industry having been established in the year 2012. A group of local investors as well as foreign investment companies from China own Savannah Cement. The local investors, under the name Savannah Heights control 40 per cent shares; another 40 per cent is held by Wan-Ho while Acme Cement holds the remaining 20 per cent. Both Wan-Ho and Acme Cement are Chinese firms implying that foreigners control a combined 60 percent stake in Savannah Cement (Mugambi, 2012). The company sells both bulk and bagged cement for construction of buildings and bridges among other construction applications. There are two major types of cement produced by Savannah Cement. One is Savannah CEM I 42.5R which is also known as Ordinary Portland Cement and the other one is Savannah PPC 32.5R used in large-scale concrete constructions and also for domestic uses. Unlike EAPCC, Savannah Cement does not have a diversity of cement-related products owing to its young nature. The company markets its products mainly in Kenya and the East African region particularly in Tanzania, Uganda, Burundi, and South Sudan. Given that, the firm is relatively new in the market its market share is not as much as the more established firms. However, its annual production capacity compares well with that of East Africa Portland Cement Company. Whereas the later has a capacity of 1.3 million tons of cement annually, the former has a capacity to produce 1.5 million tons. To boost its market share and position itself to remain competitive, Savannah Cement has plans to invest in clinking line, this will see it increase its market share in both Kenya and the East Africa region (Mugambi, 2012).

1.2. Research Problem

Trade unions have been found to play an important role in organizational productivity through their impacts on individual employees. They advance collective employee interests and help in solving grievances that employees may have against their employers (Pencavel, 2009). They also play an important role in pushing for better remuneration packages for their registered members and ensure that workers enjoy a good working environment (Griswold, 2010). The principle of collective bargaining and the benefits that come with it would not be possible without the important role that trade unions perform. Through them, employees are able to face their employers with a united front thus giving individual worker incredible bargaining power. This, however, does not mean that every company has a trade union. Many employers, particularly small and medium-size companies loath trade unions and in most cases, they attempt to suppress their formation. Operation of trade unions within organizations has some impacts on organizational productivity. Because they ensure that employees get good remuneration packages and good working conditions, trade unions can boost employee morale and this can then motivate them to be more productive in their work. In addition, if the unions successfully negotiate for increased pay for workers, managers manipulate the factors of production such as labor and capital in order to increase productivity and take cover up increased costs of labor. Thus, trade unions can increase organizational productivity. However, trade unions can potentially decrease a firm's productivity. When they fail to peacefully negotiate for better terms, trade unions often engage in strikes during which period firms' productivity decreases (Cote, 2013).

The Kenyan cement industry does not have strong trade union representation. This is surprising since trade unions are powerful in articulating the interests of workers. The East African Portland Cement Company, for instance, had 1200 permanent employees by the year 2012. These employees are organized in a trade union that enables them to fight for their

rights and present collective grievances to the top management of the company. This union is effective in the articulation of employee interests and it has the ability to ground the operations of the company. In 2012, for example, all the permanent employees went on strike that lasted for two weeks. The union members were protesting against poor management of the company and demanded that top managers who had been suspended by the government on corruption charges resign. However, the accused managers successfully challenged the government decision in the Kenyan courts. The union leaders subsequently called off the strike and the members resumed their work without penalties. This is despite the fact that the company had lost over 750 million Kenyan shillings (Marindany, 2012). However, Marindany does not address the benefits of trade unions on the employees apart from simply stating its negative impact on organizational productivity through disruption of production and loss of revenue.

In an analysis of labor unions and their effects on organizational productivity Cote (2013) argues that the principal reason why workers join unions is the benefits of collective bargaining wherein workers attain a kind of monopolistic position. This position enables the workers to increase their compensation along with offering protection to workers' rights. In addition, that unionization of workers goes a long way in improving productivity in companies. Cote does not, however, explain how trade unions increase organizational productivity. It would have been more helpful for him to do some comparison in productivity among unionized and non-unionized organizations.

A study on relationship between union density and wages, employment, productivity, and economic output in China was done by Budd et al (2014). Covering a period of 14 years from 1994 to 2008, they established that union density plays a positive role in the total productivity and output. The study covered 29 provinces in China where they established that although the

Chinese trade unions are not allowed to organize strikes, they nevertheless contribute positively to organizational productivity. However, the study does not explain how the trade unions achieve their ends given the fact that they are not allowed to call for strikes. In addition, the authors do not give a detailed explanation of the benefits that members derive from trade unions. It was observed by Bryson et al. (2005) who investigated the relationships between work organization, trade union representation, and workplace performance in Britain by focusing on trade unions and high-involvement management established that high-involvement management contributes positively to the productivity within organizations but this is only limited to the workplaces that are unionized. This is attributed to the benefits of collective wage bargaining handled by the trade unions than other forms of bargaining and agreements that lead to perceived mutual gains. However, this study did not offer comparative analysis with those organizations that do not have trade unions. It is therefore hard to conclusively say that trade unions increase productivity where no comparison was done.

Very few empirical studies have been done on trade unions and organizational productivity in Kenya. Manda et al. (2005) conducted a study on the relationships between membership to trade unions and the amounts of earning in Kenya's manufacturing firms. The study found that contrary to earlier findings, trade unions in Kenya had a positive impact on wages. They established that trade unions are able to force wage increments for their members. They also established that most of Kenyan elite workers in the manufacturing sector tended to keep off trade unions. This study was limited by the fact that it focused on male workers only. A study by Hafford & Koops (2009) on the impact that unionization has on negotiated wages focused primarily on the manufacturing sector in Kenya with special attention to the legal framework for the negotiations of collective bargaining agreements. This study established that

unionization did not have a significant differential impact on the wages among firms. The researchers, however, did not focus on the firm's productivity concerning trade unions. Since this study was conducted long time ago, it would be interesting to establish whether their findings still stand.

According to Thompson (2011) who carried out a study to establish the means that trade unions in Kenya use in order to achieve their ends. His study covered the mining and construction industries in the country between the years 2000 and 2010. He established that most trade unions in Kenya use strikes as the most preferred tool for interest articulation. He discovered that whenever union officials sense reluctance by management to engage in negotiations, they would mobilize members to boycott work. Such labor strikes, according to Thompson (2011) led to massive losses of revenue by the firms since productivity during the period of strikes would be at zero levels. In some instances, Thompson notes that the strikes would be accompanied by severe victimization characterized by widespread sacking of the striking workers. This points out to the weak nature of trade unions since they could not secure favorable return-to-work formula for their members. The studies cited above missed an important aspect that this study shall address. In all of the studies, there was no proper explanation as to how unionized employees can affect organizational productivity in absolute terms. Having identified knowledge gaps in the previous related studies, this study attempted to answer the question, 'what is the effect of trade unions on organizational productivity in the cement manufacturing industry in Nairobi?'

1.3. Objective of the Study

- i) To establish the various activities of trade union within the cement industry in Nairobi.

ii) To establish the challenges of Trade Unions activities in the Cement Manufacturing Industry in Nairobi.

iii) To determine the effect of trade unions on organizational productivity in the cement industry in Nairobi.

1.4. Value of the Study

This study provided more information on the broad subject of labor relations and organizational productivity. More specifically, the study is important for the Employees of cement producing companies that are not yet unionized may use the findings of this study to make decisions regarding whether or not they should also unionize. This is because they will get benefits such as the union making final decision about disciplinary action or their termination on their behalf. They also can file grievances or complaints with their union representatives, who then take them up with management on their behalf. Unions are meticulous when it comes to working conditions, in order to ensure a safe, friendly working environment. Unionized employees also can expect steady raises and benefits, such as health coverage, sick leave and paid vacation time. The exact nature of monetary compensation and coverage varies based on the collective agreement, which is reviewed and negotiated upon expiration also helps members with legal and financial problems. Employees who have trade unions in the companies and are not members will also be able to understand the importance of trade unions and make an informed decision of joining the trade union or not. Management of the Cement companies whose employees are not unionized may get to understand the benefits of unionized employees and avoid rejecting such changes whenever their employees want to be unionized, this benefits are such as collective agreements with unions establish a set agreement that can't be disputed until the contract expires. This makes the costs associated with pay and benefits more predictable. Turnover is also less common, since employees

generally enjoy the safety, security, and lucrative compensation that unions bring. In turn, employee training is more likely to be a worthwhile investment. Other researchers may build on the findings of this study in order to undertake further research in this area. In addition, this study may be useful in industrial relations policy formulation, human resource management policy and the general labor laws.

CHAPTER TWO: LITERATURE REVIEW

2.1. Theoretical basis of the Study

It is important to understand theories of trade unions in order to be able to explain why they exist. Although there are many theories of trade unionism, no single one accounts for the structure and functions of trade unions. Different scholars have advanced different theories of trade unionism and the general labor movement. This study is guided by two major theoretical views of trade unions. These two are the standard economic theory and the industrial democracy theory. These theories provide important basis for understanding the roles and functions of trade unions at the work place.

2.1.1 Standard Economic Theory

The Standard economic theory is also known as the expected utility theory. The earliest proponents of this theory were the early eighteenth economists Gabriel Cramer (1728) and Daniel Bernoulli (1738). Two centuries later, John von Neumann and Oskar Morgenstern (1944) expounded on this theory. Basically, the theory holds that human beings are self-centered and they prefer certain services or goods over others they also seek to pleasure and avoid pain by keeping off risks. Human beings are also rational in their decision making and in every situation, they seek optimization since their resources are limited. According to this theory, trade unions exist to fight for the welfare of employees particularly for better remuneration packages and good working conditions (Hafford, & Koops, 2009). This means that trade unions push salaries and wages to go up hence increase the cost of production.

Henry Simons expounded this theory in 1944 whereby he considered trade unions to be organized monopolies that are dangerous. Simons thought that trade unions limit the productivity of organizations and raised production costs. This arises out of the fact that trade

unions enjoy a lot of freedom and are able to resort to violence and sabotage in order to achieve their ends. Simons argued that trade unions are able to put industrial capital under siege and eventually destroying industry by making labor to be extremely costly. At the end of the day, Simons argued that trade unions end up exploiting the consumer by making the final products to be costly as firms transfer labor costs to the final consumers. However, firms do not automatically transfer the increased labor cost to the final consumer via increased product prices. The monopoly view of trade unions argues that firms respond to increased wage demands by adjusting capital and other production inputs. This adjustment is done until that level when marginal labor equals the wage rate determined by the trade unions (Williams, 2004). This view therefore tends to address Simons' fear that trade unions restrict firms' productivity but rather it tends to increase it in the long run. If organizations are not able to get more from their employees when the wages have been raised, such firms can easily go out of business. This theory makes a number of assumptions regarding to how human beings seek to attain their benefits. For example, based on this theory, we can say that workers prefer trade unions and we can predict that once a person is employed in a company, he or she may seek to join a union. This is done in order to promote their self-interests such as better pay and good working conditions. Workers join trade unions in order to avoid the risks associated with being outside the union. Through trade unions, this theory assumes that workers can optimize their benefits from their employers.

2.1.2 Industrial Democracy Theory

Sidney Webb and Beatrice Webb, who were British reformers of the socialist wing, developed the industrial democracy theory of trade unions. The theory was developed towards the end of the 19th century around 1897. The Webbs looked at trade unions as being an extension of democracy from politics to industry (Devinatz, 2011). Trade unions are

therefore considered vehicles through which employees exercise their self-determination in terms of gaining good remuneration, good working conditions and better labor contracts. Employees collectively elect their representatives who undertake collective bargaining on their behalf. Looked through democracy lenses, trade unions are categorized under pressure groups whose methods of interest articulation is based on democratic practices. These include collective bargaining and engaging in strikes all of which are allowed in democratic societies. The Webbs argued that the process of collective bargaining is one way of strengthening the labor force. Devinatz (2011) argues that trade unions provide avenues through which labor engages capital in constructive working negotiations for mutual benefit of both parties. In democratic societies, one person based on his or her whims does not make decisions. Instead, good decisions are made after wide consultations with all the concerned stakeholders in order to ensure that the resultant policies or decisions benefit as many people as possible. Trade unions, therefore, provide avenues through which employees engage in dialogue, discussions, and negotiations with their employers in order to secure beneficial deals. Trade unions are considered important structures through which employees can press for good corporate governance including creation of a good working environment and also through which the workers' common good can be achieved.

2.2. Trade Unions

2.2.1 Activities of Trade Unions

A trade union is an association of employees, thus a trade union represents the employees' interests to the employers. Trade union has got various activities that assist unionized members. One of the activities is Collective bargaining with the management to settle terms and conditions which may include taking up the individual and collective grievances of the workers with the management of employment, According to Armstrong (2007) Collective bargaining

arrangements are set up by agreements between managements, employers' associations, or joint employer negotiating bodies and trade unions to determine specified terms and conditions of employment for groups of employees. These processes are usually governed by procedural agreements and result in substantive agreements and agreed employee relations procedures. More specifically, trade unions negotiate for wages, work rules, complaint procedures, rules governing hiring, firing and promotion of workers, benefits, workplace safety and policies.

Trade unions, as indicated by Freeman and Medoff (1984) provide workers with a 'collective voice' to make their wishes known to management and thus bring actual and desired conditions closer together. This applies not only to terms of employment such as pay, working hours and holidays, but also to the way in which individuals are treated in such aspects of employment as the redress of grievances, discipline and redundancy. According to Manda et al., (2005) trade unions lead employees in their negotiations and agreement with their employers on appropriate payment and work conditions. Beardwell and Claydon (2007) explain that a number of bargaining initiatives have emerged during the 1980s which have changed the level and structure of collective bargaining. The initiatives have facilitated the exercise of managerial prerogative in the bargaining relationship and further narrowed the scope of bargaining channels. Pencavel (2009) argues that elected leaders of trade unions negotiate with employers on behalf of ordinary members of the union for better working conditions. Once the parties agree, they sign contracts known as "collective bargaining agreements (CBA) and may include wages and salaries, hiring and firing procedures, promotion, demotion of workers, rules and regulations among others"

Trade unions also organize demonstrations, strikes, etc, to press demands of workers when negotiations have failed. They have had some impacts on both government and organizations. The reason for their formation and development is to fight for the rights and welfare of workers in both governmental and private organizations. They have always pressurized governments to make worker-friendly laws concerning minimum wages and other trade laws (Griswold, 2010). In most cases, they have been at loggerheads with governments. In their history, trade unions have had their demands met through industrial action. Strikes have been the most favorable tool for the trade unions. These strikes have often led to work stoppages and discontinuity in the production process. This, in turn, has led to loss of revenues whenever it occurs.

They represent workers at disciplinary and grievance hearing. According to Cote (2013) employees and other workers have the right to be accompanied at a disciplinary or grievance hearing. They can choose to be accompanied by a co-worker or a union representative. Often, the union representative, will be a workplace representative who is also a co-worker. co-operating with the management of the undertaking or establishment in ensuring the proper implementation and observance of employer/trade union agreements, the use of agreed dispute and grievance procedures and the avoidance of any action, especially unofficial action, which would be contrary to such agreements or procedures and which would affect the continuity of operations or services

Traditionally the fundamental purpose of trade unions is to promote and protect the interests of their members and also to redress the balance of power between employers and employees. The basis of the employment relationship is the contract of employment. But this is not a contract between equals. Employers are almost always in a stronger position to dictate the terms of the contract than individual employees. Trade unions also exist to let management

know that there will be, from time to time, an alternative view on key issues affecting employees. More broadly, unions may see their role as that of participating with management on decision making on matters affecting their members' interests Armstrong (2007). Although trade unions look after the interests of their members, they also recognize the advantages of working in partnership with employers. This is because a successful, profitable business is good for workers and therefore good for the union and its members. Trade unions can have work arrangements with the employer, this should conform to the same job performance standards, company rules, disciplinary conditions and other conditions of employment as comparable employees in the undertaking or establishment in which they work for example in productivity deals, employers and union leaders agree on output targets whereby the unions undertake to mobilize their members to achieve the set targets whereas employers promise to increase the rewards to employees Bacon and Storey (1996) argue that partnership initiatives between trade unions and employers have been frustrated in a number of firms, owing to the lack of management commitment to the process leading to nothing more than rhetoric of partnership. According to Armstrong (2007), partnership may not work if senior management does not really believe in partnership and decisions are made unilaterally without consulting trade union officials.

Trade Unions play a political role where senior leaders in the unions become members of political elite. It is little wonder then that in most countries trade union leaders become politicians (Pencavel, 2009). Given this political clout, trade unions through their leaders are able to lobby for significant social and labour legislation to be placed on the statute book or the constitution. Trade unions are therefore ready to use their influence, and sometimes power, to impact on political decisions. However, this political power is used against the state, and the private sector, on behalf of members of these unions (Pencavel, 2009). In exercising their political power, trade unions have to be wary of the dynamics of party

political structures in the communities. In some regions, trade unions are still linked, almost organically, with political parties for instance the Labour Party of United Kingdom. In others, there are less-structured relationships; and in others, trade unions remain uncommitted to the party political process, and while influencing the process, remain uncommitted and unrelated to any particular party, basing power on the support of the membership.

Trade unions are influential in determining and establishing job standards in the workplace. Increasingly, management has sought to regain control of the workplace and to determine unilaterally, matters relating to the nature of jobs and other working conditions. Even at the international level, employers are claiming that workplace standards, in keeping with ILO Conventions and Recommendations, are proving onerous and difficult to maintain (Griswold, 2010). The strength of the trade union at the workplace level determines its ability to perform its job regulation function. Strong trade unions have entered into arrangements where the power of management has to be shared with the union at the workplace. Jointly agreed procedures for dealing with major issues in the workplace such as grievances, discipline, job evaluation, redundancy, work changes, safety and health, along with the right to negotiate terms and conditions through collective bargaining, provide the sound basis for unions to perform regulatory functions (Griswold, 2010).

Trade unions have actively engaged in providing welfare services for members and even for the wider community. This takes various forms including the employment of those who have disabilities, as an example to the wider community, the provision of family services including baby crèches, child care centers and old people's homes, as well as play and recreational centers in depressed areas (Freeman & Medoff, 1984). In some situations, trade unions function within the narrow business union function, limiting their interventions to their market and job regulation aspects. In some instances, trade unions transcend the

representation of their membership and reach out on behalf of non-members, including the unemployed, the disabled and others who need their assistance in the wider community (Freeman & Medoff, 1984).

2.2.2 Benefits of Trade Unions

Trade unions offer a number of benefits or advantages to their registered members, these benefits and/or advantages arise from the work that trade unions perform. First, trade unions lead employees in their negotiations and agreement with their employers on appropriate payment and work conditions (Manda et al., 2005). It is much easier for workers to push for salary increments unlike an individual employee. Thus, by joining a trade union, an employer may be able to enjoy the advantages of collective bargaining about better salaries and wages among other remuneration packages. Secondly, trade unions represent workers and protect them from any possible exploitation by employers. Whenever employees have concerns relating to the workplace, trade unions take up those concerns and discuss them with employers. These concerns include health and safety standards, more holidays and working hours. This means that if employees join trade unions, they are able to have these concerns discussed without delays, fear or intimidation.

Trade unions are also beneficial to organizations because through them, employers can strike productivity deals with their employees (Cote, 2013). In these productivity deals, employers and union leaders agree on output targets whereby the unions undertake to mobilize their members to achieve the set targets whereas employers promise to increase the rewards to employees. These kinds of agreement ensure mutual benefits for both workers and organization. At the end of the day, no party feels that it has suffered a loss. Another important function of trade unions is that they enable their members to access education facilities as well as a number of consumer benefits like discounted insurance. This kind of

education facilities ensure that employees get training to acquire new skills which can in turn make them work more productively for the benefit of the organization. It also ensures that they keep up with the ever-changing technology and as a result, they remain relevant in their organization. In addition, trade unions provide moral and legal advice to the members who could be facing disciplinary action. Union officials accompany the affected workers to disciplinary meetings and even speak up for them. In legal suits, unions may offer free legal services to the members and even represent them in courts.

Beardwell and Claydon (2007) contend that trade unions improve the economic and social conditions of all workers in a given country besides render to them assistance whether or not such workers are employed or have ceased to be employed. Moreover, they secure adequate representation on government Boards and committees dealing with labor regulation and on matters affecting workers. Trade unions are keen on maintaining adequate representation on government boards and committee dealing with labour legislation and matters affecting workers (Mosley et al., 1996). Trade unions serve as an agency for the purpose of commenting on economic, social and political affairs including securing legislative protection for workers from the government by acting in accordance with existing laws and regulations, the rules of the union and good industrial relations practice; liaising with and seeking advice and assistance from the appropriate full-time trade union official (Beardwell & Claydon, 2007).

Economic activities of trade unions are no doubt the dominant activities played by trade unions in most countries. Collective bargaining trade unions negotiate wages and salaries, helping to distribute the value added in the business firm and increasing the spending power of their members in the economy (Armstrong, 2007). While maximizing benefits to their members, trade unions are always conscious of the possible impact of their bargaining on

inflation and employment. Globalization has made most countries to operate in as open economies, dependent on trade for survival. In many instances, inflation is determined by the cost of goods and services which are imported. There is not much evidence to suggest that trade unions are responsible for cost-push inflationary tendencies in the region (Beardwell & Claydon 2007). Nevertheless, unions direct their efforts at protecting their workers against the ravages of inflation, and trying to improve living standards which have been depressed for historical reasons. Moreover, they try to defend their member's right to work and are supportive of both macro and micro economic policies which would be conducive to high employment (Cote, 2013).

2.2.3 Challenges of Trade Unions

Although trade unions are beneficial to employees and employers, they also have some challenges or disadvantages. Cote (2013) argues that because trade unions drive up wages, they inadvertently cause unemployment especially if the wages rise above the equilibrium. This means that trade unions have a challenge of ensuring that employees are paid high wages without leading to unemployment, this is not easy to attain due to lack of sufficient information and expertise that trade unions need in order to negotiate for equilibrium wages. Secondly, trade unions do not represent workers who are not registered as members of the union. In case a worker who is not registered has problems with the company or at a personal level, unions usually ignore such workers. Here, the challenge is to fight perceptions that the unions are discriminatory. Unions must work hard to ensure that all the workers see the benefits of union membership so that they can be members and union can serve all the workers without perceptions of discrimination. In addition, trade unions can easily lead to inflation since when wages rise above inflation rate, general inflation sets in. When general wages are increased due to trade union campaigns, workers end up having more disposable

income and their purchasing power increases. Because of availability of cash in the hands of workers, commodity prices may rise significantly. The challenge that trade unions face in this regard is therefore to ensure that workers get reasonable pay without such pay increments leading to inflation.

It is also noteworthy that strikes caused by trade unions lead to work stoppages thus leading to loss of productivity Marindany, (2012). It is not always that all attempts by trade unions to improve employee welfare are successful. In some cases, unions fail to agree with the management on the way forward. As a result, trade unions mobilize their members to go on strike. In cases where such strikes take a long period, companies end up losing revenues due to discontinuity in production. Therefore, the challenge of trade unions in this regard is to fight for workers and pressurize company managers to improve employee welfare without jeopardizing the company interests. However, it is not easy for trade unions to engage in industrial action without undermining organizational productivity; firms often incur losses in cases of strikes.

2.3 Organizational Productivity

According to Amah and Ahiauzu (2013) organizational productivity can be conceived as the capacity of a firm or company or any corporation to realize the intended outcomes by use of minimum energy and in the shortest time possible using the least amount of money, manpower and other inputs. It refers to the performance of the organization and is mainly improved through efficiency in certain areas such as in procurement, finance or even in project management. Productivity in business organizations is usually pegged on their profitability, this means that by cutting down on the costs of production, a business organization is able to increase its productivity (Schulz et al., 2013). However, cutting down operational costs in most cases involves maintaining low wages and salaries. This in turn

leads to demands for wage increases by employees through trade unions. Where the business gives in to union pressure and increases the wages, it must recover by demanding more output from the employees.

Organizational productivity does not occur on its own or in a vacuum, in fact, there can never be organizational productivity without people. Seen through this lens, organizational productivity can therefore be considered the cumulative productivity of the individual members of that organization (Amah & Ahiauzu, 2013). Of particular importance is the role that the top organizational leadership plays in leading the rank and file in productivity (Williams, 2004). Top managers must give direction and guidance on how the organization can attain its aims more efficiently. Members in an organization work collaboratively to achieve the goals of the organization, this means that human capital play a primary role in organizational productivity (Schulz et al., 2013). If the personnel in the firm do not work productively, the general productivity of the organization will be affected negatively. On the other hand, if the members of the organization are motivated and work productively, the general productivity of the organization will improve.

2.3.1 Factors that affect Organizational Productivity

A number of factors affect organizational productivity. According to Williams (2004), these factors fall into four broad categories; environmental factors, organizational structure, fiscal and human factors and employee attitudes. Each of these factors has an important bearing on the efficiency of the firm. Whereas companies have some level of control on the fiscal and human factors, it is not possible for them to control the environment within which they operate. Environmental factors include aspects such as the physical location of the business, the political and economic environments. The physical location refers to aspects such as whether the company is located in the rural areas or in the urban areas. This location has

implications for the employees because it determines where they live, their needs such as transport, shelter and other general considerations for employees. The political environment has to do with government regulations with regards to labor laws touching on issues like trade unions, employment contracts and minimum wages among others. Economic factors relate to the general industry within which firms operate, this is important because it determines the wage-rate for employees and it informs managerial decisions. It also relates to the strength of trade unions in the industry and how such unions affect the operation of companies in the industry (Williams, 2004).

Organizational factors that affect a firm's productivity include the structure of the company, technology, and climate. The structure, size, and complexity of an organization determine its efficiency depending on the extent of its specialization. Technology plays the most important role in productivity since it defines the firm's technical level of goods as well as processes. Organizational climate concerns how the employees are treated and whether there is an established results-oriented organizational culture, it also concerns reward system for employees. Employee attitudes also determine productivity in organizations, this is because organizations achieve their goals through employees. If the workers are well motivated, then organizations can realize improved productivity but if employees are demotivated and dissatisfied, they are likely to be less productive

2.3.2 Indicators of Organizational Productivity

As already defined, productivity is a volume measure of output to a measure of input use. There are many measures of productivity such as labor productivity and capital productivity. In this study, focus is on labor productivity since the study is concerned with trade unions. It is important to measure labor productivity because it helps in explaining the major economic underpinnings that are needed for economic growth as well as social development. Indicators

of labor productivity are mainly the volume measure of output and the volume measure of input (Schulz et al, 2013). According to Schulz et al. (2013), the volume measure of output is a reflection of the goods or services that are produced by the labor force. This measure is given in terms of the value of all the goods of service produced in the country or within an organization depending on the level of analysis. Another important measure of labor productivity is the measure of input use, this measure is important because it shows the amount of time as well as the efforts and skills of the workers used during production process. Labor input in this case is measured by calculating the sum total of man-hours actually worked for all the employees in the organization. If it is a national measure, it takes into account the total number of working hours for every employed person.

2.4 Trade Unions and Organizational Productivity

The question of trade unions and organizational productivity has received considerable debate on how the later affects the former. Trade unions have an impact of organizational productivity since they affect profitability and labor. Scholars in industrial relations argue that trade unions distort the labor market through a number of methods such as the push for higher wages, employment restrictions, and defense against layoffs. As already indicated, trade unions have the potential to cause unemployment. This means that organizational productivity can be affected by such unemployment since unemployment causes output losses. However, it is not exactly clear how trade unions affect organizational productivity. In any case, there is a lot of controversy concerning the effects of trade unions on organizational productivity. A clear understanding of this relationship is important for policy formulation in organizations. One way of gaining an understanding of the relationship between trade unions and organizational productivity is to carry out empirical research on this question. Such research must, however, be guided by theory and literature review.

Trade unions affect organizational productivity either positively or negatively. They affect productivity positively if they lead to increased employee productivity by successfully negotiating for better working conditions and remuneration packages (Deery & Iverson, 2005). These outcomes motivate organizational employees who are members of the trade unions to work more efficiently thereby increasing the company's productivity. Most employees consider the reward they obtain for their work as the greatest motivator for them to work hard. If the work environment is conducive and remuneration is reasonable and commensurate to the amount of work done, workers can work harder and more effectively in order to increase efficiency and general productivity. Cote (2013) argues that once trade unions force organizations to increase wages, company management must respond by making sure that they get maximum output from labor if they have to reduce labor costs. This means that organizations will endeavor to reap maximum output from each individual employee for every additional unit of wages and salaries. In some cases, trade unions promote productivity through performance contracts that union officials sign with the organizational management. They negotiate on performance targets with better remuneration packages in return. Moreover, trade unions increase organizational productivity by the fact that they provide a viable means through which the workers can express their grievances and/or discontent.

Deery and Iverson (2005) argue that trade unions can also have a negative effect on the organizational productivity by causing employees to stop working or to engage in sabotage. This is done in cases where trade unions mobilize their members to go on strike where peaceful negotiations fail. Strikes, go slows and acts of sabotage decrease organizational productivity. In addition, productivity can further be compromised based on the disciplinary action that is taken against union members and their leaders after strikes. In some incidences, managers resort to sacking of the employees who engage in strikes. This reduces the labor force and decreases productivity even if for a short period. Employee attitude can also be

affected negatively by such actions. At the end of the day, demotivated workers cannot work efficiently and this reduces organizational productivity Thompson, (2011). This means that businesses need to have a good working relationship with their employees through trade unions in order to improve productivity and avoid disruptions in workflow and business operations. Most specifically, managers must do all that is possible to preempt any strikes that trade unions may cause. They should be open to dialogue and constructive negotiations that can guarantee the interests of both parties. However, in order for one to get a better understanding of the real relationship between trade unions and organizational productivity, it is important for empirical research to be carried out. Through fieldwork, important firsthand information can be collected concerning the role of trade unions and how they affect productivity.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology which was used to achieve the objectives of the study. It discusses the research design, target population, data collection and data analysis.

3.2 Research Design

This study adopted a descriptive cross-sectional survey design. Descriptive study, as the name suggests, entails the description of a phenomenon under investigation. It is not concerned about explaining why, how or when an event occurred but rather focuses on what characterizes the phenomenon. The choice of a descriptive study is appropriate because this study aimed at describing the characteristics of trade unions in the cement manufacturing industry in Nairobi as well as their impact on organizational productivity. A cross-sectional survey was used since the study occurred in different groups of the population but at the same time. The choice of this design in this study was appropriate because the focus of the study was on the impact of trade union on organizational productivity in different cement firms in Nairobi.

3.3 Target Population

In research, the concept of population refers to the totality of all the individual people or objects that possess the characteristics or qualities that are of interest to the research at a hand (Liu et al., 2014). It refers to all the subjects that the researcher wants to investigate or study. All possible subjects of investigation such as people, events, and objects that combine to form a given known completely constitute what is referred to as the population.

In this study, the target population was all the cement manufacturing firms in Nairobi that are six in number. However, only three firms have workers that are represented by trade unions. A census survey was therefore done on the three firms.

3.4 Data Collection

This study mainly relied on primary data collected from the field through the use of a questionnaire as the primary tool. The target respondents were the human resource managers in cement manufacturing firms in Nairobi that are unionized. These respondents were given questionnaires and allowed ample time to fill them out after which they were collected. The researcher went to the field to give out the questionnaires and waited for the respondents to fill them. This ensured that the response rate was higher than if the questionnaires could have been mailed to the respondents some of whom would not bother to return. The questionnaires were divided into three sections: Section A : Bio profile, Section B: Activities of Trade unions, Section C: Trade unions and organizational productivity . The questionnaire had closed ended questions.

3.5 Data Analysis

The data so collected was thoroughly inspected with the aim of separating relevant information from irrelevant information. It was then analyzed using descriptive statistics such as frequencies and percentages. Data was presented in form of tables.

CHAPTER FOUR: DATA PRESENTATION, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the finding of the study.. The content was analyzed according to the responses provided by the respondents on the questionnaires. The results of the survey were analyzed by cross tabulation using Microsoft Excel software. The chapter also covers the discussion of the results.

4.2 Response Rate

The researcher attained a response rate of 100% since all the three questionnaires were returned. The respondents were the three human resource managers of the three unionized cement companies.

4.3 Biological Data

4.3.1 Gender

Table 1: Gender

No.		Male	Female	Total
1	Respondents	3	0	3
2	Percentage	100%	0%	100%

All the respondents were males that are three men giving 100% and there was no female thus 0 and 0%. This is presented in table 1.

4.3.2 Age

Table 2: Age

No.	20-30	31-40	41-50	Over 50	Total
1	0	1	2	0	3

2	0%	33.3%	66.7%	0%	100%
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Majority of them were aged between forty-one and fifty years which is 66.7% but only one was between thirty-one and forty years which is 33.3%. As presented in table 2.

4.3.3 Length of Service

Table 3: Length of Service

No.	Less than 1 year	1-5 years	6-10 years	More than 10 years	Total
1	0	1	2	0	3
2	0%	33.3%	66.7%	0%	100%

In terms of job experience, majority of the respondents had worked in their present organizations for at least five years. One had worked there for between one and five years while two had worked for between six and more than ten years as presented in table 3.

4.4 Trade Union Activities

4.4:1 Mobilization for collective action

Table 4: Mobilization for collective action

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
2	1	0	0	0	3
66.67%	33.33%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014)

When the respondents were asked about whether trade unions in their organizations mobilize employees for collective action when negotiations fail, two respondents indicated that they agreed very strongly while one respondent indicated that he agreed. In terms of percentages,

those who indicated that they agreed very strongly represented 66.67% while those who indicated that they agreed represented 33.33% as shown in the Table 4.

4.4.2 Negotiation for wages and working condition terms

Table 5: Negotiation for wages and working condition terms

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
3	0	0	0	0	3
100.00%	0.00%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

When the respondents were asked to indicate their level of agreement on the statement that trade unions in their organizations negotiate wages and working condition terms for their members, there was an overwhelming agreement. All the respondents (100%) indicated that they agreed very strongly with this statement as shown in Table 5.

4.4.3 Recourse to strikes when negotiation fails

Table 6: Recourse to strikes when negotiation fails

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
2	1	0	0	0	3
66.67%	33.33%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

On the question aimed at establishing whether strikes are common whenever negotiations fail, majority of the respondents indicated that they agreed with the statement very strongly while only one respondent said that the agreed. Therefore, 66.67% of respondents agreed strongly that strikes have been the primary tool for trade unions to express themselves whenever negotiations fail while only 33.33% agreed to the statement plainly as indicated in Table 6.

4.4.4 Regulation of employer-employee relations

Table 7: Regulation of employer-employee relations

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1	1	0	1	0	3
33.33%	33.33%	0.00%	33.33%	0.00%	100%

Source: Field Data (2014).

Regarding the question to establish any influence of trade unions on the employer-employee relationships, the responses were very diverse whereby one responded agreed strongly, another one agreed plainly and another one disagreed. In terms of percentages, 33.33% strongly agreed, 33.33% simply agreed while 33.33% disagreed. These results are shown in Table 7.

4.4.5: Representation at disciplinary hearing

Table: 8 Representation at disciplinary hearing

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1	2	0	0	0	3
33.33%	66.67%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

This statement attempted to find out whether trade unions stand by their members during disciplinary actions or during other times of resolving grievances, only one respondent agreed strongly that trade unions represent their members during hearings for disciplinary and/or grievance issues. Two respondents agreed plainly to the statement and none disagreed. In

terms of percentages, 33.33% of respondents agreed strongly while 66.67% simply agreed.

Table 8 shows a presentation of the results on this question.

4.4.6 Influence on Politics

Table 9: Influence on Politics

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	2	1	0	0	3
0.00%	66.67%	33.33%	0.00%	0.00%	100%

Source: Field Data (2014).

The researcher aimed at determining whether trade unions in the cement manufacturing companies exert any political pressure for labor laws and legislations that are friendly to the workers. Of the three respondents, two agreed that their trade unions have an influence on political decisions in the country in terms of pushing for laws that are friendly to workers. This represented 66.67% while 33.33% of the respondents indicated that they were undecided. Table 9 illustrates these results.

4.4.7 Non-member representation

Table 10: Non-member representation

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	0	0	0	3	3
0.00 %	0.00%	0.00%	0.00%	100.00%	100%

Source: Field Data (2014).

Regarding the issue on whether or not trade unions serve workers who are not members of the union or even the other members of the community at large, all the respondents disagreed strongly (100%) with the statement. Table 10 shows the results related to this question.

4.5 Trade Unions and Organizational Productivity

4.5.1 Collective action and organizational productivity

Table 11: Collective action and organizational productivity

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	0	2	1	0	3
0.00%	0.00%	66.67%	33.33%	0.00%	100%

Source: Field Data (2014).

The researcher intended to determine whether trade unions contributed to the increase in organizational productivity through mobilization of workers for collective action. Two of the respondents were undecided on this issue while one disagreed. Computed in terms of percentages, 66.67% were undecided while 33.33% disagreed. Table 11 illustrates these results.

4.5.2 Negotiations for wages and working condition to increase organizational productivity

Table 12: Negotiations for wages and working condition to increase organizational productivity

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1	2	0	0	0	3
33.33%	66.67%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

On the effect of wage and better terms of service negotiation done by trade unions and their effects on organizational productivity; one out of the three respondents agreed strongly while the two agreed plainly. In terms of percentages, 33.33% of respondents indicated that they strongly agreed to the statement that organizational productivity increases due to trade union initiatives in negotiating for wages and better working conditions. 66.67% agreed to this statement although not strongly. The results are shown in the Table 12.

4.5.3 Strikes and low organizational productivity

Table 13: Strikes and low organizational productivity

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
3	0	0	0	0	3
100.00%	0.00%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

In assessing the disruptive nature of trade unions on organizational productivity through strikes particularly about reducing productivity, there was unanimous agreement that trade unions reduced organizational productivity. All the three respondents strongly agreed (100%) that trade unions decrease organizational productivity whenever they use strikes as their primary tool to express themselves when negotiations fail. The tabular results in Table 13 indicate this response.

4.5.4 Relationship between employers and workers on organizational productivity

Table 14: Relationship between employers and workers on organizational productivity

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	2	0	1	0	3
0.00%	66.67%	0.00%	33.33%	0.00%	100%

Source: Field Data (2014).

The researcher aimed at evaluating whether the employer-employee relationships regulated by trade unions increase productivity. The question thereof elicited different reactions with two respondents indicating that they agreed while one respondent disagreed. This means that 66.67% agreed while 33.33% disagreed with the notion that organizational productivity increases due to the union regulation of relationship between employer and employees. These results can be presented as shown in Table 14.

4.5.5 Workers' representation in disciplinary hearing

Table 15: Workers' representation in disciplinary hearing

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
3	0	0	0	0	3
100.00%	0.00%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

The researcher further determined whether trade unions' function of representing workers at disciplinary or other grievance hearings has any effect of increasing (100%) productivity in organizations where respondents were unanimous in agreement to this statement as demonstrated in Table 15. All the respondents felt strongly that representation of workers at disciplinary and grievance hearings increases productivity in organizations.

4.5.6 Organization productivity before and after the formation of Trade Unions

Table 16: Organization productivity before and after the formation of Trade Unions

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	0	0	2	1	3
0.00%	00.00%	0.00%	66.67%	33.33%	100%

Source: Field Data (2014).

The comparison of organizational productivity prior to and after trade unions that were intended to determine whether the trade unions increase organizational productivity when all other factors are kept constant received a unanimous agreement that there is a noted increased productivity attributable to trade unions. Additionally, the respondents had mixed responses that trade unions had an effect of reducing productivity of the organization if all other factors are kept constant. Two disagreed with the statement in plain terms while one respondent strongly disagreed. This means that 66.67% disagreed while 33.33% disagreed strongly. This is consistent with the finding that productivity increased since trade unions were established.

Table 16 illustrates these results.

4.5.7 Trade Unions' disruption to organizational productivity

Table 17 : Trade Unions' disruption to organizational productivity

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	0	0	2	1	3
0.00%	0.00%	0.00%	66.67%	33.33%	100%

Source: Field Data (2014).

The researcher attempted to gauge the attitude of human resource managers regarding trade unions and the perception that trade unions interrupt production processes in organizations. Although the respondents earlier on indicated that trade unions reduce organizational productivity due to strikes, none of the respondents agreed that they should be disbanded.

Two respondents disagreed that they should be disbanded while one strongly disagreed. In terms of percentages, 66.67% disagreed while 33.33% strongly disagreed. Tabulation of the responses is shown in Table 17.

4.5.8 Trade Unions pose challenges to Management

Table 18: Trade Unions pose challenges to Management

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	1	1	1	0	3
0.00%	33.33%	33.33%	33.33%	0.00%	100%

Source: Field Data (2014).

In determining whether trade unions pose any managerial challenges when it comes to organizational productivity, the researcher found that the respondents were so divided in their responses. One respondent agreed, another one disagreed while the other was undecided. This means that the percentages were 33.33% for those who agree, 33.33% for those who are undecided and 33.33% for those who disagreed as indicated in Table 18.

4.5.9 Trade Unions' engagement in Politics influences worker-friendly Legislations

Table 19: Trade Unions' engagement in Politics influences worker-friendly Legislations

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	1	1	1	0	3
0.00%	33.33%	33.33%	33.33%	0.00%	100%

Source: Field Data (2014).

Similarly, the statement was aimed at establishing whether trade unions engage in political activities that are intended to have policy makers formulate laws favoring workers thereby improving productivity, elicited varied responses. While one respondent agreed to this statement, another respondent was undecided and the other respondent disagreed.

Computation in terms of percentages gives 33.33% for all categories of responses as Table 19.

4.5.10 Promotion of members' welfare through offering educational facilities

Table 20: Promotion of members' welfare through offering educational facilities

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1	2	0	0	0	3
33.33%	66.67%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

The researcher attempted to establish the function of trade unions to promote welfare of their members by offering them educational facilities thus increasing their skills and the effects of this on increasing organizational productivity. Respondents agreed that by enabling members to access educational opportunities and improving their skills, trade unions increase productivity in the firms. One respondent agreed strongly while the remaining two respondents simply agreed. Thus, 33.33% agreed strongly while 66.67% just agreed as indicated in Table 20.

4.5.11 Inflationary pressure and the effects of this on increasing organizational productivity

Table 21: Inflationary pressure and the effects of this on increasing organizational productivity

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1	2	0	0	0	3
33.33%	66.67%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

In determining the role played by trade unions in safeguarding employee welfare by cushioning them against inflationary pressure and the effects of this on increasing

organizational productivity, the responses obtained were in varying degrees with one strongly agreeing and two just agreeing with it. This implies that 33.33% strongly agreed while 66.67% as shown in Table 21.

4.5.12 Enhancement of organizational productivity by determining job standards

Table 22 : Enhancement of organizational productivity by determining job standards

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
2	1	0	0	0	3
66.67%	33.33%	0.00%	0.00%	0.00%	100%

Source: Field Data (2014).

The study aimed at determining how trade unions enhance organizational productivity by establishing and determining job standards. Respondents agreed with this statement without any objections. Two of the respondents strongly agreed while one simply agreed. Thus, 66.67% strongly agreed to the assertion that trade unions enhance organizational productivity through efficient performance of workers since they determine job standards. 33.33% of the respondents. These results are shown in Table 22.

4.5.13 Social corporate responsibility role of trade unions and how such increases their work performance

Table 23: Social corporate responsibility role of trade unions and how such increases their work performance

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
0	0	0	1	2	3
0%	0%	0.00%	33.33%	66.67%	100%

Source: Field Data (2014).

In evaluating the social corporate responsibility role of trade unions and how such increases their work performance, the researcher found that two respondents strongly disagreed while the other respondent simply disagreed. This was computed to yield percentages of 66.7% and 33.33% respectively. As shown in table 23.

4.5.14 Trade unions' provision of a level field of engagement between employers and employees toward greater productivity

Table 24: Trade unions' provision of a level field of engagement between employers and employees toward greater productivity

Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
2	1	0	0	0	3
66.67%	33.33%	0.00%	0%	0%	100%

Source: Field Data (2014).

On the issue of trade unions' provision of a level field of engagement between employers and employees toward greater productivity, most respondents two strongly agreed 66.67% that the statement was a truism while the remaining respondent one agreed 33.33% as indicated in Table 24.

4.6 Discussion

The results presented above provide important insights into the activities of trade unions and their impacts on organizational productivity. The results are consistent with the role of trade unions identified in the literature review sections. For example, this study has established that trade unions mobilize their members for collective action especially negotiation for wages and better working conditions for their members (Armstrong, 2006; Beard & Claydon, 2007; Manda, 2005; Medoff, 1984). The results also indicate that whenever negotiations between company managers and trade union officials fail, strikes are the most preferred alternatives.

The results also indicate that trade unions represent workers during disciplinary or other grievance hearings just like Cote (2013) established. This is aimed at making sure that the concerned unionized workers get not only moral support but also fair decisions. An equally important finding is the fact that trade unions exert some political influence so that governments make labor laws, which are employee-friendly. This is done through techniques such as lobbying political leaders or by trade unions having one of their own represent them in legislative bodies such as parliaments. Again, this finding is consistent with Pencavel's (2009) argument that trade unions usually have a political clout and that union leaders are able to lobby policy makers and Mosley et al. (1996) who argue that trade unions strive to be adequately represented in government boards in order to safeguard employee interests. However, on the question of representation of non-members, the study has established that trade unions do not represent employees who are non-members. They also do not represent the unemployed, the disabled or even giving assistance to the wider community. This finding contradicts Freeman and Medoff (1984) who argued that part of trade union activities involve representation of non-members.

On organizational productivity, the study established that whenever trade unions mobilize their members for collective action in cases where negotiations fail, organizational productivity does not increase. Instead, the findings indicate that strikes being the primary tool for trade unions to express themselves are associated with decrease in organizational productivity. This is consistent with the contention by Deery and Iverson (2005) that trade unions affect organizational productivity negatively by engaging in strikes when negotiations fail. Marindany (2012) who argues that strikes by labor unions lead to loss of organizational productivity also shares this. On the question of negotiation for wages, the study established that when trade unions negotiate for better remuneration and better working conditions, organizational productivity increase. This is because workers are motivated to work more

efficiently and, as Cote (2013) argues, an increase in wage expenditure forces organizations to be more efficient in resource use and increase output to compensate for increased wage bill. Still on organizational productivity, the study established that representation of worker during grievance and disciplinary hearings increases organizational productivity. This is perhaps because such representation ensures that the outcomes favor employees hence motivates them to work more productively. When all other factors are kept constant, the study established that organizational productivity increased by establishment of trade unions. Although majority of respondents agreed that trade union regulation of employer-employee relationship increase organizational productivity, there are those who disagreed. Bacon and Storey (1996) who argues that relationships between employers and employees are sometimes frustrated by lack of managerial commitment to the partnership explain such a disagreement.

Trade unions sometimes decrease organizational productivity due to strikes, they still play an important role. This is indicated by the fact that respondents disagreed with the suggestion that unions are disruptive and should be disbanded. There is a general view that trade unions increase organizational productivity through their facilitation to members' education and skills development, protecting them against inflationary pressure and by addressing the balance of power between employers and employees (Armstrong, 2006). In addition, trade unions were found to increase organizational productivity by establishing job standards as argued by Griswold (2010).

4.7 Chapter Summary

This chapter has presented the results of the study and discussed the findings. It has been established that trade unions mobilize their members for collective action and strikes are the primary tool for the unions to express themselves when negotiation fails. Trade unions also

regulate relationships between employers and employees and facilitate members to access educational facilities. Moreover, they represent their members at disciplinary and grievance hearings shield their members from inflation pressures but they do not represent non-members. They negotiate better wages and working conditions for their members and help in attaining the balance of power between employers and employees.

The study has established that although strikes decrease organizational productivity, trade unions appear to increase such productivity through their activities. These activities include representation of their members, negotiating wages and better terms of work as well as facilitating members' education. Thus, those activities that motivate employees have an effect of increasing productivity. When all other factors are held constant, trade unions have increased organizational productivity since they were established.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Introduction

The aim of this study was to establish the effect of trade unions on organizational productivity in the cement manufacturing industry in Nairobi. Three firms were studied and the results have been discussed in the previous chapter. The purpose of this chapter is to present the summary, conclusion, limitations of the study, recommendations and suggestions for further studies.

5.2. Summary of findings

The first objective of the study was to establish the various activities of trade union within the cement industry in Nairobi. The findings of this study revealed that there are various activities of trade union within the cement industry in Nairobi. These include negotiations for better wages, better working conditions, mobilizing employees for collective action when negotiations fail, facilitation of education opportunities for members, organizing strikes when negotiations fail, these has been used as a primary tool, they regulate relations between employee and employer they also represent employees during disciplinary hearings. However, it was noted from the findings that activities such as the trade union representing the non-unionized members was out of question.

The second objective of the study was to establish the challenges of trade unions activities in the Cement Manufacturing Industry in Nairobi. The findings of the study revealed that Trade unions have got challenges just as Cote (2013) argues that because trade unions drive up wages, they inadvertently cause unemployment especially if the wages rise above the equilibrium. This means that trade unions have a challenge of ensuring that employees are paid high wages without leading to unemployment, this is not easy to attain due to lack of

sufficient information and expertise that trade unions need in order to negotiate for equilibrium wages. In the findings it was noted that the respondents agreed that the trade unions negotiate pay raise on behalf of its members. Trade unions also do not represent workers who are not registered as members of the union and also those who are disabled thus its biased to its members only thus leading to the perception that the unions are discriminatory yet it is very difficult to convince otherwise. It was also found that trade unions may fail to agree with the management on the way forward during negotiations and as a result, trade unions mobilize their members to go on strike. In cases where such strikes take a long period, companies end up losing revenues due to discontinuity in production. Therefore, the challenge of trade unions in this regard is to fight for workers and pressurize company managers to improve employee welfare without jeopardizing the company interests.

The third objective of the study was to determine the effect of trade unions on organizational productivity in the cement industry in Nairobi. The findings revealed that Trade unions has an effect on organizational productivity this is because through their activities such as negotiations for better wages, better working conditions, and facilitation of education opportunities for members, these members tend to be motivated and even work hard in performance thus leading to high productivity at an individual level which then translate to the entire organization. They also shield their members from inflation, attain the balance of power between employers and employees, representing employees during disciplinary hearings and influencing labor policies and laws in favor of employees thus help to increase organizational productivity. It is also clear that that trade unions decrease organizational productivity through strikes whenever they negotiations fail. However, overall, trade unions increase organizational productivity when all other factors are kept constant. Looking at the objectives of this study from the onset, it can be concluded that the study has endeavored to achieve them. The activity of trade unions, for instance, has been extensively discussed

giving a glimpse that trade unions provide a lot to its members with a keen eye on their welfare. It is these activities that form the basis for organizational productivity. However, not all the activities outlined in the questionnaires received a positive outlook from the respondents for others were rejected outright. This notwithstanding, it suffices to say that the study was a success as far as its objectives were concerned, research methodology and analysis tools, and presentation of findings and their interpretation. Operation of trade unions within organizations has some impacts on organizational productivity. Because they ensure that employees get good remuneration packages and good working conditions, trade unions can boost employee morale and this can then motivate them to be more productive in their work. In addition, if the unions successfully negotiate for increased pay for workers, managers manipulate the factors of production such as labor and capital in order to increase productivity and take cover up increased costs of labor.

5.3. Conclusion

In conclusion, this study set out to determine the effect that trade unions have on a firm's productivity using cement manufacturing companies within the Nairobi County as a case study. The reason being that it has always been said by trade unionists that their existence is good for the organization's workers in particular and the whole firm in general. Indeed, the unions have architecture a number of activities to its members that ensure their well-being at the places of work. This, however, does not mean that every company has a trade union. Many employers, particularly small and medium-size companies loath trade unions and in most cases, they attempt to suppress their formation.

The research problem of this study was based on the insufficiency of literature that addresses the connection between workers' membership to trade unions and organizational productivity. With this knowledge gaps in the previous related studies, this study attempted to answer the

question, ‘what is the effect of trade unions on organizational productivity in the cement manufacturing industry in Nairobi?’ The objectives of the study therefore included: to establish the various activities of trade unions within the cement industry in Nairobi; to establish challenges of trade union activities in the cement manufacturing industry; and to determine the effect of trade unions on organizational productivity and all these objectives were covered successfully. The researcher satisfactorily answered the research questions previously outlined, thus achieving a substantial part of research objectives. The activities of trade unions were exhaustively discussed following their endorsement by a majority of respondents. This was basically converting the activities into a positive or negative role in the organization. Ultimately, it emerged that the existence of trade unions in a cement manufacturing company enhances organizational productivity.

5.4. Recommendations

Based on the findings of this study, a number of recommendations are made. First, companies should try to encourage the growth of trade unions since they are associated with increases in organizational productivity. Secondly, companies should try to create a positive working relationship with trade unions and the negotiation environment should be friendly enough to avoid stalemates that turn into strikes since strikes disrupt productivity. Thirdly, companies that do not have trade unions should consider encouraging their employees to join or form them for the companies’ own benefits. Lastly, companies should consider encouraging trade unions to participate in corporate social responsibility initiatives instead focusing only on their narrow employee representation.

5.5. Study Limitations

The researcher acknowledges a number of inherent limitations associated with this study. First, the research instrument used closed questions only yet the study was qualitative. Secondly, the respondents were only three human resource managers; one from each of the three companies that were studied. Lastly, the study focused only on three cement-manufacturing firms with trade unions. Other cement firms whose employees are not unionized were ignored and it becomes hard or impossible to compare the results. Future results that consider these limitations could shed more light on the question of the effect of trade unions on organizational productivity. Most specifically, the research instrument in future research should be improved to include open-ended questions. Respondents should also be expanded to cover production-level employees who are unionized. It would also be helpful for a survey of those firms whose employees are not unionized so that comparison can be done. This would help in making more informed generalizations about trade unions and their effect on organizational productivity.

5.6. Areas of Further Research

Having done a successful work on the effect of trade unions on organizational productivity, taking a case of unionized employees; it would be interesting to consider in future organizations that do not have unionized employees and make a foolproof discovery on whether or not an organization can be productive with non-unionized employees.

The second possible area of future research could be a comparative study of unionized employees versus non-unionized employees to establish their productivity level. Perhaps this study could be a census of Fast Moving Consumer Goods (FMCG) industry which is prone to industrial strikes and sometimes poor working condition terms.

Finally, a further research area could focus on the management challenges that trade unions pose to organizations thus lowering their productivity. Trade unions are known to spearhead the welfare of workers (members) at the expense of employers. If their campaigns are left unbridled, it could probably spell doom for the very existence of an organization. A study therefore could be done to establish the organizational management challenges with trade unionists.

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APPENDICES

APPENDIX I: INTRODUCTORY LETTER

Dear Respondent,

My name is **Bett Mary Jepkorir – D61/79338/2012** – a student at the University of Nairobi pursuing a Masters of Business Administration degree. As part of the fulfillment of the requirements of this degree, I have to undertake a field research. My chosen field is on trade unions in the cement manufacturing industry in Nairobi.

Therefore, I kindly request you to help me in this regard by filling out this questionnaire as accurately as possible. The information collected will be treated with utmost privacy and confidentiality. You are not required to indicate your name or telephone number. Thanks in advance.

Yours faithfully,

Bett Mary Jepkorir.

APPENDIX II: SAMPLE QUESTIONNAIRE

SECTION A: BIOGRAPHICAL DATA

Instruction

Please mark the relevant option with a **tick** (✓) in the boxes provided.

1. What is your gender? Male Female
2. What is your age bracket? 20-30 31-40 41-50 over 50
3. Who is your employer/ company?
4. How long have you worked in this organization?
 Less than 1 year 1- 5 years 6-10years More than 10 years

SECTION B: ACTIVITIES OF TRADE UNIONS

The table below indicates the activities of trade unions within organizations. On a rating scale of 1-5, please indicate the extent to which you agree with this statements, where: **1= strongly agreed 2= Agreed 3= Undecided 4= Disagreed 5= Strongly Disagreed**

No.	Statements	1	2	3	4	5
1.	The trade union in your organization mobilizes employees for collective action when negotiations fail.					
2.	The trade union negotiates wages and working condition terms of its members.					
3.	Strikes have been the primary tool for trade unions to express themselves when negotiations fail					
4.	Trade unions regulate relations between workers (its members) and the employer					

5.	Trade unions represent workers at disciplinary and grievance hearing					
6.	Trade union in your organization influences political decisions in the country hence ensuring legislation of worker-friendly laws					
7.	Trade union in your organization reaches out to non-members on behalf of members and represent the unemployed, the disabled and others who need their assistance in the wider community					

SECTION C: TRADE UNIONS AND ORGANIZATIONAL PRODUCTIVITY

The table below indicates how trade unions activities affect Organizations in firms. On a rating scale of 1-5, please indicate the extent, to which you agree with these statements, where:

1= strongly agreed 2= Agreed 3= Undecided 4= Disagreed 5= Strongly Disagreed

No.	Statements	1	2	3	4	5
1.	The trade union in your organization mobilizes employees for collective action when negotiations fail hence increases organizational productivity					
2.	The trade union negotiates wages and working condition terms of its members thus increases organizational productivity					
3.	Strikes have been the primary tool for trade unions to express themselves when negotiations fail hence decreasing organizational					

	productivity					
4.	Trade unions regulate relations between workers (its members) and the employer hence increasing organizational productivity					
5.	Trade unions represent workers at disciplinary and grievance hearing hence increasing productivity					
6.	There is a noted increase in organizational productivity before and after the trade union was formed when all other things are kept constant					
7.	Trade unions are disruptive to organizational production process and should be disbanded					
8.	Trade unions is a big challenge to management in terms of organizational productivity					
9.	Trade unions leadership indulge in politics hence influences legislations in favor of workers to increase productivity					
10.	Trade unions enables members to access educational facilities thus improving their skills and overall productivity					
11.	By helping cushion its members against harsh inflationary periods, trade unions motivates members to work and achieve higher productivity					
12.	By establishing and determining job standards in the organization, trade union enhances organizational productivity since workers perform efficiently					
13.	By engaging in corporate social responsibility (CSR) through representing the marginalized members of society, trade unions motivates members to be part of this noble task and this leads them to					

	work hard to support the said course					
14.	By redressing the balance of power between the employer and the employee, trade union gives the latter peace of mind to perform effectively and increase productivity					