

The Role of Labor-Management Councils in the Changing World of Work

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ABSTRACT

Attributes of a fundamentally new economy, made possible by information technology and the globalizing economy are explored. Competition will intensify as consumers gain direct access to sources worldwide. As a result, average organization size will fall due to firms resorting to automation of business processes, re-engineering, reorganization towards a flatter organization, and far-reaching use of downsizing strategies, including outsourcing. Virtual corporations and flexible work arrangement, including telecommuting, are starting to replace fixed offices and long-term employment contracts. The new century is also deemed to see the rise of an elite group of workers called the multi-skilled, knowledge workers, and the decline in the relevance of the middleman in business transactions.

This shift towards new forms of work and a more complex division of labor requires an appropriate form of representation of workers to protect their interest; a cooperative, rather than an adversarial relationship between management and workers. In the Philippines, this reality has paved the way for the increasing promotion of employee involvement and participatory initiatives at the workplace level, operationalized in the form of Labor Management Councils or LMCs as commonly referred to.

While the past decades have witnessed LMCs being put up mostly as a venue for discussing grievances or as an alternative dispute settlement mechanism, there is a pressing need to also

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realize the potentials of LMCs as a venue in discussing ways on how to improve quality and productivity, increase competitiveness of the firm, and at the same time, fair sharing of gains between labor and capital, in purview of the increasing competition and challenges to organizational survival brought about by information technology and the globalizing economy.

INTRODUCTION

In today's liberalized economy, companies operate in a market characterized by rapidly intensified competition. Companies are pressed to cope with new challenges from increasing number of rivals which contend to have a competitive advantage either in price, quality, quantity or speedy delivery of products and services or at best, in all of the said areas. This kind of situation requires a high-performance workplace dedicated to quality, productivity and competitiveness if a firm is to ensure long-term survival and organizational prosperity. This, in turn, can only be made possible through a shared understanding on the part of labor and management. It takes their joint efforts to ensure the good fate of the organization. There are several schemes that aim to secure labor-management cooperation. One of which is the operational mechanism called the Labor-Management Council or LMCs, which is the one promoted in the Philippines.

This paper attempts to assess the role that LMCs assume amidst the fast changing workplace. The paper is divided into six parts. The first part discusses how the driving forces of information technology and borderless economy have restructured the world of work, leaving firms in a state where their organizational survival and profitability is put into test. The second part highlights the need for the kind of labor and management relationship that is required by the highly competitive environment, which is a cooperative rather than adversarial relationship like the one promoted by LMCs. The third part discusses the circumstances that have paved the way for the promotion and establishment of LMCs in the country. The fourth part highlights the need for the modernized role of LMCs, one that is in keeping with the challenges of the new millenium and therefore is action-oriented and focused on the more critical goal of quality, productivity, and competitiveness. A discussion of the present state of LMCs in the Philippines, including the common problems encountered in the promotion of LMCs, follows after this. The last part contains the concluding notes and recommendations of the author.

THE CHANGING WORKPLACE: HOW INFORMATION TECHNOLOGY AND GLOBALIZATION RESTRUCTURE THE WORLD OF WORK

As we move forward to the 21st century, we can see how dramatically the landscape of work and work relations worldwide is experiencing a transformation. Economies and firms are seen by many experts to be in the midst of dramatic technological and organizational changes. It is usually held that the scale of upheaval entailed this time may be equal to or even greater than the transitions from farm to factories and industries, from steam age to electrical age, from horse carriages to the use of automobiles.

A growing number of experts specifically foresee, with the emerging trends in the sectoral, occupational, skill, job tenure and time allocation patterns of the workforce, that the use of new technologies and related changes will overthrow the long-established patterns of employment that have allowed individuals to predict safely how a job would structure their day, week, year, and lifetime. Drucker (1994), a leading economist, particularly described it as a "radically different, post-capitalist knowledge economy" where one should expect an entirely new way of living, working and surviving.

These organizational changes are being driven by internal and external factors, including changing international and regional market conditions and localization. Cecilia (2000) zeroed in on the two most important, and in fact interrelated, driving forces: information technology [or IT] and globalization, with the former being said to be the single force that has the most pervasive effect on the modern society.

Taposcott and Art (1993) noted that a "rapidly emerging second phase of the relationship between information technology and business organization will usher in a fundamental re-engineering of the enterprises over the next decades" and that the trends behind such phase in the use of IT are already "emerging in those firms" which are "at the frontier of both business reorganization and IT innovation".

Discussed below are some of the most common worldwide phenomenon observable in a changing workplace arising out of the pervasive use of information technology, coupled with the increasing globalization of economy. As much as their driving forces are highly interrelated with the information revolution being the driving force behind globalization, the inter-relatedness of the consequent changes is also discernable.

Leaner Organizations

The bottom line here is clear: many organizations need fewer people to operate today than in the past. By and large, all these initiatives have led to leaner staffing.

(1) Automation of Business Processes

Automation — the process of substituting labor-intensive operations with machine-processed operations — is not new. As Greenberg and Baron (1997), put it, "it has gone on slowly and steadily for centuries". Since technology has made it possible for fewer people to do more work than ever before, advancements in technology have always been feared of displacing and even substituting human labor through out the history of mankind. However, because it is no longer mechanical devices but information technology which is involved, the process of automation is occurring so rapidly that the very nature of work is changing as fast as we can keep up and this is feared to bring civilization ever closer to a new workerless world (Vitangcol III, 2001). As raised by Vitangcol, III (2001), it is said that information technology has been used to de-skill, discipline and displace human labor in a global speed-up of unprecedented proportions. With this, many jobs are disappearing, leaving organizations smaller than before.

(2) Downsizing

Indeed, organizations have been rapidly reducing the number of employees needed to operate — a process known as downsizing.

When economies agreed to operate under a borderless economy, many companies had to make drastic adjustments in the way they do business because of the pressing need to be globally competitive. Some companies would now begin to see workers as part of the cost in doing business rather than assets. Thus, once pressures are put on the management to gain more profits amidst difficulties in attaining such agenda, many companies resort into reducing the cost of production and usually, the most visible cost for them would be their workers, leading to the continuous downsizing activities in many large companies.

On the other hand, some claim that this process typically involves more than just laying off people in a move to save money; instead, it is also directed at adjusting the number of employees needed to work in newly designed organizations (Greenberg and Baron, 1997). With this, downsizing is also known as rightsizing. Apart from this, manpower reduction programs also come by several neutral-sounding labels such as

restructuring, reorganization, business process engineering, cost structure review, etc.

(3) Outsourcing

Another way organizations are restructuring is by completely eliminating those parts of themselves that focus on non-core functions of the business and instead are hiring outside firms to perform these functions — a practice known as outsourcing. By outsourcing secondary functions, an organization can focus on what it does best — what is called as its core competency. For instance, many firms have determined that they are not in the business of distributing products that they manufacture and so they have to outsource the distribution aspect of their business to legitimate third-party logistics handlers (Vitangcol III, 2001). On the contrary, others saw that their business is purely marketing of products that do not necessarily have to be produced by their own firm or to be produced in the same country (Vitangcol III, 2001).

(4) Flatter Organization

Another profound transformation within the firm is the fact that management is shifting from hierarchical command and control systems associated with mass-production factories towards the delegation of responsibility and autonomy. The new approach involves the significant reduction in the number of managerial layers. With this, business organizations are becoming flatter. Consequently, fewer people are needed to achieve the same results, people will no longer face the same challenges of climbing to the top of the ladder, and there will be fewer and fewer key positions (Vitangcol, III, 2001).

Flexibilization of Work Arrangement

One change that is definitely shaping up in the workplace of tomorrow is flexible work arrangements. As Hardill and Green (2003) pointed out, it appears that working 9 to 5, Monday to Friday, is not the way most people make a living today. Working patterns are diverse: with both long hours working and many types of flexible working prevalent in most economies. With the increased dependence on instant electronic communication, the timing of the working day may be shaped by working times in another time zone. The economic power of the hour is diminishing with the evolution of a post-industrial economy because knowledge work does not easily fit into the 9-5 structure; 24-7 global economies require new kinds of work. Moreover, knowledge work is not as linear as manual work is; it is erratic, inconsistent and highly

personal; individual workers perform better at different times of the day and under different circumstances.

Flexibility may facilitate the reintegration of formerly distinct aspects of daily life. For instance, allocating time for child rearing, caring for the elderly and participating in the activities of the local community are likely to be easier if the work adapts to the worker.

Greenberg and Baron (1997) enlisted the diverse ways by which flexible arrangements are practiced:

- (1) *Flextime program*. This gives employees some discretion over when they can arrive and leave work, thereby making it easier to adapt their work schedules to the demands of their personal lives.
- (2) *Compressed work week*. This allows people to work fewer days but longer hours each day instead of working five days or eight or seven hours each.
- (3) *Job Sharing*. This is a form of regular part-time work in which pairs of employees assume the duties of a single job, splitting its responsibilities, salary, and benefits in proportion to the time worked.
- (4) *Voluntary reduced work time programs*. This allows employees to reduce the amount of time they work by a certain amount with a proportional reduction in pay.
- (5) *Flexplace policies*. This allows employees to spend part of their regular working hours performing their jobs while at home. This is discussed separately and more fully in the next section.
- (6) *Contingent Workforce*. With innovation, rapid product cycles and high quality as basic requirements for success in the marketplace, firms are expected to put even more emphasis in the future on new, flexible ways of employing workers — one of this would be the utilization of contingent workforce. The following text captures best the idea behind contingent workforce:

"Sometimes, instead of eliminating entire organizational functions and buying them back through outside service providers, organizations are eliminating individual jobs and hiring people to perform them on an as-needed basis. Such individuals comprise what has been referred to as the contingent workforce —

people hired by organizations temporarily, to work as needed for finite period of time. The contingent workforce includes not only the traditional part-time employees... but also freelancers, subcontractors, and independent professionals... Such highly flexible arrangements make it possible for organizations to shrink or grow as needed and to have access to experts with specialized knowledge when these are required." (Greenberg and Baron, 1997)

(7) *Functional Flexibility.* Among the common functional flexibility employed by enterprises are the broadening of job designs, mobility across tasks, and enlarging the scope of individual skills — currently manifested in the emergence of multi-functional jobs.

Flexplace or Telecommuting

Because flexplace frequently involves the use of computers and telephone lines connecting people to their offices, it is frequently also referred to as "telecommuting" and "telework" (Greenberg and Baron, 1997). Telecommuting is one of the forces expected to gain much importance and play a key role in reshaping job tenure.

Blake (1994) noted the factors contributing to increased teleworking. This includes decreasing telecommunications and computing costs, an increase in the use of telenetworks, work characterized by a higher information content, more dispersed organizations with flatter hierarchies, and fewer full-time and more freelance workers.

Blake (1994) also pointed out one major factor associated with teleworking; it plays an increasing role in coping with unexpected events that keep workers from reaching the office, from foul weather to natural disasters. Same with the other types of flexibility in working time, telecommuting may also enable workers to better accommodate their other life roles, especially the long distance commuters. Hardill and Green (2003) however contested that "remote working from self-sufficient farmsteads via the internet can in no way replace the powerhouses of personal interaction which drive teamwork and creativity".

By the way it appears, telecommuting would work best for jobs that involve information handling, significant amounts of automation, and relatively lower need for face- to-face contacts with co-workers and managers. Sales and medical representatives, insurance agents, writers and researchers, computer programmers, and the like are good candidates for this type of work.

Multi-Skilled Elite Labor

Another emerging issue commonly associated with the widespread use of the new technologies is the multi-skilled worker. In general, there is a consensus that work in the future will demand more adaptable skills and greater capacity to continuously learn as businesses are in the stages of increasing automation and consequently shifting away from mass labor to highly skilled elite labor. Workers nowadays are therefore advised to be prepared for having a range of roles and juggling many functions.

Virtual Offices and Corporations

Today, organizations are increasingly virtual. For one, more and more companies are doing their business on-line. The Internet makes on-line services viable. The so-called "cyberspace" is full of small businesses which have discovered that it is possible to set up a one-man multinational; of individuals who are buzzing with ideas and trying to make a fortune on it; of families who find it is a way of making extra income.

There is also another organizational arrangement that is growing in popularity — the virtual corporation. Greenberg and Baron (1997) explicitly explained the idea behind a virtual corporation:

"As more and more companies are outsourcing various organizational functions and paring down to their competencies, they might not be able to perform all the tasks required to complete a project. However, they can certainly perform their own highly specialized part of it very well. Now if you put together several organizations whose competencies complement each other and have them work together on a special project, you'd have a very strong group of collaborators."

This is the idea behind a virtual corporation — a highly flexible, temporary organization formed by a group of companies [whose competencies complements each other] to join forces to exploit a specific opportunity and work on a certain project; by which once the project is over, the virtual corporation vanishes as well (Greenberg and Baron, 1997).

Process of Disintermediation

Vitangcol III (2001) saw one effect of how e-commerce and e-business has made it much easier to conduct business electronically and to shorten traditional value or supply chains, thus spurring the process of disintermediation — cutting out the middle-man from a transaction. Vitangcol III (2001) particularly

noted that the availability of electronic information is eroding the role of brokers between producers and consumers. With the help of the World Wide Web, businesses are wringing time out of production design, speeding up the order and delivery of components, tracking sales by the hour, and getting instant feedback from customers.

All these changes are perceived to become normal patterns in the world of work of the 21st century. In general, traditional methods of production and distribution of goods and services are giving way to new forms of work and a more complex division of labor in a globalizing work. New technologies go jointly with the emergence of new skills and changing expectation and representation of workers. But as Cecilia (2000) pointed out, the enemy is not the boss; the enemy is global competition. Labor and management must learn to smoothen the process of industrial adjustment. It is now, more than ever, they must find ways to cooperate and effectively work together.

SEARCH FOR A MORE SUITABLE FORM OF WORKERS' REPRESENTATION AT THE WORKPLACE

The closing of the 20th century has been inimical to unions worldwide. With the pressures of globalization and the post-industrial society, the labor movement enters the 21st century with its membership diminished and its relevance uncertain (Bitonio, 2001). Collective bargaining is viewed to be facing a bleak future due to hostile attitudes of employers and the weak legal protection given by the law to unions and their supporters.

In the Philippines wherein the mass of regular employees constitute the organizational base of trade unions, union membership is on the decline or at least frozen as flexibilization and other managerial strategies take their toll on the rolls of regular employees. At the end of 2002, only about 13 percent of the country's employed labor force belong to trade unions. In the absence of other forms of employee representation and workplace participation, most of the unorganized workers lack the clout to compel employers to listen to their suggestions, demands and interests. Moreover, figures show that at the end of 2002, only one out of four unions are able to conclude a collective bargaining agreement, which only manifests that some unions are indeed inactive.

In addition, to organize a labor union, which is the prevailing kind of labor organization in our country, is, in reality, itself a risk to employees — it may mean losing their jobs. By and large, employers dislike labor unions. They are often regarded as

adversaries of management powers; therefore, efforts to unionize are discouraged if not thwarted, much more with today's intensifying global competition where employers could just not afford any possibilities of disruption in their business activities. But denying employee representation at the workplace neither promotes healthy and harmonious work relationship.

Thus, in his article *Employee Representation and Workplace Participation: Focus on LMCs*, Gatchalian (2000) posted this very relevant question: Given the realities of the present situation in the local scene, with the declining fortunes and prevailing weaknesses of trade unions and their dim prospects, how can workers and employees continue to be effectively represented and provided opportunities for greater participation at the workplace?

In addition to this, what is the alternative industrial relations systems that will be appropriate to Filipino culture and circumstances? What is the Filipino way of handling labor issues?

Incidentally, Hecksher (1996) raised the fact that some independent structure of employee voice remains essential and brought up the need for a new unionism in consideration to the radically changing situation. Further, Kaufman and Kleiner (1993) suggest that the time may be perfect for a broad-ranging reconsideration of the role of employee representation in the workplace and the economy.

It is therefore not surprising that the global search for new forms of employment relations is in full progress. The groundbreaking EU Directives on European Work Councils are just one manifestation of a global search for labor management mechanisms that harmonize enthrallment to economic viability of firms with the legitimate right of workers to participate in decisions that greatly affect their jobs and well being.

Several countries, like Germany, Japan (Binghay, N.D.), and the US, are noted for the emergence of alternative and successful "high involvement" forms of work organizations such as work councils, quality circles and work teams. To this type of worker involvement belong the labor-management councils or LMCs that have developed in the Philippines.

THE BIRTH OF LABOR-MANAGEMENT COUNCILS IN THE PHILIPPINES

The Labor Code of 1974 which was promulgated during the presidency of Ferdinand Marcos provided the impetus for institutionalizing the LMCs in the Philippines. However, Ziga (2002) noted that the LMC program of the Marcos era remained vague,

particularly since the other labor policies of government belied the sincerity of the program. Ziga (2002) further noted that no particular agency was mandated to spearhead the program and thus, only a few establishments pursued the policy initiatives.

As the Marcos regime waned, labor unrest over the various government policies started to get an upsurge. In the words of Ziga (2002): "The protests staged by the labor unions added to the simmering political tension brought by the various sectors of the society drifting towards polarization. The long repressed grievances by the labor sector easily surfaced as more sectors of society found the courage to take the streets, each protest action delivering a blow to the economy and the regime's stability".

The momentum of industrial unrest was carried over to the early years of the Aquino government. The rate of industrial productivity coincidentally dipped to low records and the general instability encouraged capital flight and discouraged investments from both local and foreign sources thereby exacerbating the unemployment and poverty problems of the country. In spite of the renewed efforts on the part of the government to instigate investors to open up or expand business ventures in the country, the level of investment remained disappointingly low. Thus the envisioned need to further the cause of industrial peace as an essential precondition for the country's take off to a better economy. The encouragement by the government for companies to form labor-management cooperation then became among the options to mitigate the unrest in the labor front.

With the realization of a felt need for peace, the Department of Trade and Industry (DTI) and then the UP Institute of Industrial Relations (now the UP School of Labor and Industrial Relations) decided to pool their resources and work together, which paved the way to the launching of a Pro-active Program for Industrial Peace and Harmony on October 1986. The program emphasizes the need for cooperation rather than confrontational relationship between management and labor and the concrete action undertaken then was the promotion and establishment of the operational mechanism — LMCs.

Accordingly, the National Conciliation and Mediation Board or NCMB was established and tasked to, among others, formulate policies, plans, programs, standards, procedures and guidelines for the more extensive promotion of labor-management cooperation schemes (Aganon, 1990). The Center for Labor Relations Assistance [or CLARA] of the Department of Trade and Industry was also actively involved in promoting the establishments of LMCs all over the country. Gatchalian (2000) testified that other initiatives of labor-management were pursued in the 1980s such

as the conduct of symposiums, conferences and other forums on the issue.

LMCs have always been believed to be in keeping with the socio-cultural values and psychological make-up of Filipino workers and managers. The evaluation is that an "industrial relations systems whose main characteristics center on an adversarial, legalistic, and formalistic relationship between labor and management is not in conformity with Asian cultural traditions", especially those of Filipinos, "that place more emphasis on consensus and harmony in group and interpersonal relationships" (Gatchalian, 1989). Recognized Filipino anthropologist F. Jocano (1989) stresses that the Filipino way is not only informal and consultative, which enables others to participate in the decision-making process, but also consensual; that is, non-confrontational in orientation. Thus, the LMC is viewed positively as an alternative to confrontation; the system that is appropriate to our culture; the mechanism through which the workers' voice may be heard — regularly, and as a partner.

REFOCUSING THE LMC

Looking back to the time of the Aquino administration, it appears that the principal focus for the promotion of LMC is conflict resolution and industrial peace. This has been for a good reason since that era is really characterized by years of confrontation and adversarial relations between labor and management that in turn has been greatly affecting the operations of many enterprises, and thereby exacerbating the over-all socio-economic conditions of the country.

However, the present changes in the world of work we are experiencing as a member of a globalized economy would prove that industrial peace is not enough and reducing labor-management disputes and grievances is not an assurance that companies will be able to survive the intensifying competition that is taking place. The impact of information technology and borderless economies had long started to raise deep concern in the minds of people elsewhere. Now, more than ever, the challenges of the new century are upon us and they require an effective and renewed response from the workers and employers as the principal partners responsible in production.

Under the present scenario, the overall riding concern of businesses and industries remains to be survival. Enterprises must learn to effectively deal with the challenges to survival; otherwise, the stark contrast will happen — the company will perish. Survival, however, depends very much on the ability of companies to enhance

the quality of their products and services, raise productivity, and improve competitiveness.

Quality as defined by the International Organization for Standardization or ISO is "the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs", particularly, those of the company's customers (Villanueva, 1999). In the Philippines, there is the "Philippine Quality Award", the highest form of national recognition given to organizations for their outstanding quality performance. Designed to help make Philippine organizations more globally competitive through quality improvement, the PQA has the DTI as the Award Manager and draws its mandate from the Executive Order No. 448 issued by then President Fidel Valdez Ramos in 1997.

Productivity, on one hand, has been defined in many ways. As a universal rule though, productivity is the ratio of output to input. Peter Drucker (in Ramsay, 1997) called "productivity as the power to expand at nobody's expense". It is also argued that productivity actually combines quantitative and qualitative standards, efficiency with effectiveness (Ramsay, 1997). Examining the Productivity Statistics of APO [Asian Productivity Organization] - member countries from 1985/1986 to 1994 published by the APO (1996), the Philippines has been consistently among the countries with lowest national productivity index, with 99.42 in 1986 to 105.34 in 1994.

Finally, competitiveness involves the company being at par with its competitors. At best, the company should be able to achieve a superior market position over them.

Quality, productivity, and competitiveness — these are the three things that companies will have to wrestle and it is at this point where the prospects of labor management councils are once again explored. But as raised by Gatchalian (2003), this time, LMCs would need to have a revitalized agenda that is geared towards the challenges of the new millenium.

As pointed by Gatchalian (2003), the new LMC must have an upward shift in objectives — from the old goal that was preoccupied with securing industrial peace between labor and management, to the higher objective of elevating their linkage to partnership which is action-oriented and focused on the more critical goal of profitability, quality and competitiveness.

An issuance by the Secretary of Labor and Employment in 1988 has long clarified that labor-management cooperation could be undertaken:

- (1) as a tool for promoting non-adversarial and harmonious relationship between labor and management;

- (2) as a tool for both short term and long term conflict prevention and resolution
- (3) complement or supplement, but not supplant collective bargaining, the dispute settlement machinery in place or other mechanisms;
- (4) may be translated into programs mutually beneficial to labor and management such as schemes for enhancing enterprise and workers productivity, reducing wastage, improving the quality of goods and services, facilitating the acceptance of technological change and opening channels or venues for free communication.

Even as early as the time of Marcos, the realization by the government of the use of LMCs as a venue where such critical matters other than mere conflict resolution and industrial relations can be discussed by labor and management — have already been noticeable.

The Policy Instruction No. 17 in May 1976, for instance, provided that a CBA may be certified as long as it contains "provisions for labor management cooperation schemes for increasing productivity, sharing of the benefits resulting therefrom, workers education, reduction of the monotony of work and recreational activities and job enrichment".

Also, Article 278 of the Labor Code as amended by Batasang Pambansa 130 in August 1981 provided that "The Ministry shall help promote and gradually develop, with the agreement of labor organizations and employers, labor-management cooperation programs at appropriate levels of the enterprise based on shared responsibility and mutual respect in order to ensure industrial peace and improvement in productivity, working conditions and the quality of working life".

A Labor-Management Council is a voluntary body composed jointly of representatives from workers and management who meet to identify and resolve issues of common interests and concern (Gatchalian, 2003). It must be cleared that the issues to be covered, if the establishment is unionized, are only those that are outside the scope of the collective bargaining agreement.

Communication and participation are said to be the two major underpinnings of the LMC concept. With communication as a basic element, the LMC is a forum wherein labor and management can express their views regarding felt problems and needs to each other; share information about present and anticipated issues that may affect the company and its employees; and a channel by which management can obtain feedback on its programs, policies and actuations (Gatchalian, 2003). Whereas with participation as a basic element, the LMC can enable workers to have a say in decision-

making on matters that affect their interest and welfare; provide the impetus and opportunity for joint problem-solving, and by consulting and involving employees in selected areas of decision-making, enable workers to input useful ideas and suggestion that can meaningfully improve the quality of work and work life (Gatchalian, 2003).

Gatchalian (2003) noted the experience of a Filipino - Japanese joint venture - the Ebara company, which improved its business situation through joint cooperation between the union and its management. In the actual process, the rate of accidents and the amount of time lost due to such accidents were effectively reduced (Gatchalian, 2003). Gatchalian (2003) raised that while the case of Ebara may not reflect a general pattern and is an exceptional case, it significantly indicates the many possibilities for utilizing the LMC as a vehicle for workplace cooperation that can be geared towards enhancing the quality of work and the quality of life of workers.

Aside from Ebara Inc., Gatchalian (2003) has mentioned other companies in the Philippines which have started to adopt the "new LMC". This includes Toyota Motors Philippines, Inc., an automotive company; Enchanted Kingdom, Inc., a theme park; Novartis, which is in healthcare products; the Eastern Telecom, a telecommunications company; and Pycon and SPI Technologies, which deal with electronics and computer software.

APEC (2002), in its publication *Best Practices Toolkit on Labor Management Government Cooperation*, also mentioned another case of successful LMC in the Philippines — the Lapanday Agricultural and Development Corporation or LADC. APEC reports that with government agencies' support, the labor and management partnership in LADC has dramatically changed a once adversarial relationship in the company into a more harmonious relationship and one that is "ready to compete in a gradually globalizing market and more open business environment". In its program, LADC "included an extensive list of social welfare issues on its agenda in order to balance external forces from the global marketplace with basic issues of survival for the workforce and community" (APEC, 2002). The company particularly implemented a family welfare program consisting of nine activities — healthcare, nutrition and sanitation, responsible parenthood, cooperatives, housing, transportation, sports, values formation and income generation to cater to the more comprehensive development needs of its workers and their families (APEC, 2002).

APEC (2002) also noted the example of the Asian Transmission Corporation or ATC wherein its LMC has served as a venue for direct dialogue between the labor and management, and by which has produced dramatic results that include mutual decisions to withdraw pending cases at the NCMB and improvements in benefits of the workers.

PRESENT STATE OF LMCS IN THE PHILIPPINES

As reported by the NCMB, there were 734 LMCs operating as of April 2001 (APEC 2002). Moreover, there are, at present, three organizations of LMC practitioners. Such organizing activities have been important as these "allow companies with LMCs to benchmark their practice, as well as exchange notes on other pertinent issues" (Ziga, 2002).

One of this is the Philippine Association of Labor Management Councils or PALMCO. Organized in 1992, PALMCO is identified with then DTI-CLARA, now the DTI-Center for Industrial Competitiveness. It accepts both unionized and non-unionized companies with LMCs as members and holds an annual convention, as well as learning sessions on various issues for its members (Ziga, 2002).

Another one would be the Philippine League of Labor-Management Cooperation Practitioners, Inc or Philamcop, which is the biggest association of LMC practitioners in the Philippines. Organized in 1997 and identified with DOLE-NCMB, Philamcop's principal focus is on organized establishments.

There is also the Employees Councils Association of the Philippines or ECAP. Organized in 1998, ECAP is a purely private sector initiative whose core officers are formerly employees of the United Laboratories or UNILAB (Ziga, 2002). ECAP advocates the organization of the so-called employee councils among non-unionized establishments.

However, Gatchalian (2000) attested that while constituted a significant innovation in the fundamental law and apparently even in concept, the application of LMC has been "limited, perfunctory, and attended by a host of misconceptions". This includes the LMCs being deliberately or erroneously utilized as substitutes for collective bargaining when they had been, on the onset, differentiated from unions and in fact designed as supplementary mechanisms to unions (Gatchalian, 2000). He further attested that an analysis of the experiences with LMCs of certain leading companies in the Philippines would reveal the many misconceptions and misapplications about the real use and meaning of the LMCs.

Ziga (2002) also attested that there has been a consistent attribution of certain influences in the workplace, largely about the so-called weakening of unions, due to LMCs and its supposed ambivalent effects on the unions.

Further, in his evaluation about the organized labor's response to LMCs, Ziga (2002) noted that the official positions adopted by some labor federations on LMCs are actually problematic. Ziga (2002) particularly noted the position adopted by the Kilusang Mayo Uno, a known socialist labor group, expressed through the speech of Sammy

Mulanes, the KMU representative during the Third National Convention on LMC in October 2001:

LMC is good for management — it would mean less headaches about labor disputes. It is good for the government — less involvement as it devolves its functions. But is LMC good for labor? Can it be applied here? Two questions. It may be good but it cannot be applied. It may be applicable, but then it's not good. Those are KMU's answers.

Lastly, a national study on LMCs conducted in 1995 by the Development Academy of the Philippines, through its Productivity and Development Center, and DOLE, through NCMB, revealed problems with regards to the implementation of LMC programs (Ziga, 2002). These include irregular meetings, difficulty in arriving at decisions, poor dissemination of information, not well-prepared meetings, lack of top management commitment, mistrust, adversarial way of conducting meetings, the Chief Executive Officer not represented in management side, and non-implementation of agreed plans (Ziga, 2002).

No wonder why, two decades after his prediction on the importance of participatory approaches in industrial relations, and three decades after the government has spurred in promoting the formation of LMCs, Gatchalian (2000) maintained that there is a "strongly felt need to further explore the area of employee representation in the Philippines, and for examining supplementary options for widening and deepening the policy and practice of workplace participation. He further lamented that "the practice of labor-management cooperation in the Philippines can generally be described as still in primitive state" where "LMCs largely function as consultative and advisory mechanisms. Workers' representatives do not as yet have substantial influence in managerial decision-making on the more meaningful issues and concerns".

CONCLUSIONS AND RECOMMENDATIONS

While the prospect of LMCs being an alternative dispute settlement mechanism remains to be essential, the prospect of LMCs as a venue where the employers and workers can also jointly discuss matters pertaining to the organizational survival of the firm, must be highlighted. This is especially what the changing world of work has already taught us: the reducing labor disputes and grievances alone is not an assurance that companies would continue to survive and that largely depends on the ability of companies to enhance the quality of their products and services, improve profitability and sustain the competitiveness of the firm.

LMCs should not be used to duplicate CBA more so that it should not be used to thwart unionism. In fact, LMCs should be used to complement unionism. When properly propagated, nurtured, and developed, LMCs holds a lot of promises in being a catalyst for transforming companies simply for the better.

It is for this reason why at this point, it is proposed that there should be an accreditation program for LMC training providers. This is to develop a corps of qualified and competent trainers and facilitators that really possess the basic knowledge and tools to orient and teach organizations how to establish, monitor, evaluate, and sustain their LMC programs.

Another goal is to build up a cadre of qualified and competent LMC practitioners who can facilitate the transformation of their companies from the traditional modes of adversarial work relations into harmonious and high performance workplaces that are able to keep up with the socio-economic and technological changes and demands of the new millenium.

LMC practitioners need to be equipped with competencies in communication, conflict-resolution, creativity and innovation, problem-solving and decision-making, empathy and human relations, facilitation, leadership, negotiation, planning, project management, presentation, and team skills. Competencies in brainstorming, change and time management, conducting feasibility studies, costing and budget preparation, having win-win mindset, persuasion, research, stress management, and visualizing are also needed.

It is also proposed that a core curriculum for LMC training and orientation be developed so as to upgrade the quality of instructional materials for companies interested in initiating or enhancing LMC practices.

Lastly, beyond the goal of increasing the number of LMCs due to the fact that they have become successful in making companies and workers understand the true meaning and potentials of LMCs, there is a need to establish programs on how to enhance existing LMCs. As discussed earlier, a lot of them are actually encountering problems with regards to implementation. Such programs may include documenting successful LMCs and giving recognitions and awards to them. This will encourage them to continue their practice and establish ways on how to reach out and help LMCs that are having difficulties in achieving organizational effectiveness.

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