



Human Capital Risk Services

What Every Executive Should Know About Industrial Relations

Integrating Industrial Relations with Business Goals and Objectives

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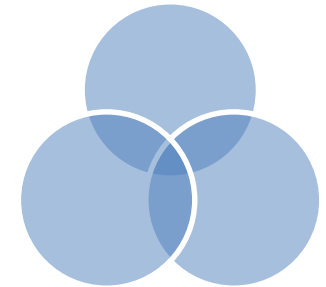


- What is the Definition of Industrial Relations?
- Why is this important?
- What should my organization be doing to mitigate Industrial Relations risks?





Definition of Industrial Relations



Employee Relations is the management of the relationship between an organization and its employees.

Labour Relations is the management of the relationship between an organization and its employees **and** the unions that represent those employees.

Industrial Relations is the management of the relationships between an organization and all of its stakeholders including employees, unions, communities, shareholders, customers, contractors, vendor/suppliers, government agencies etc.

All the relations and inter-relationships between all industrial players that are involved in your sector and business.





Industrial Relations as a Strategy

The practice of managing Industrial Relations is evolving.

Organizations, including publicly traded firms are abandoning shareholder focus and adopting a broader stakeholder perspective.

Importantly organizations are looking to Industrial Relations experts to assist them in the development of strategies that help them drive a desired corporate culture that engages all stakeholders.

These strategies aim to create shared value. This means each stakeholder is able to gain unique value from the organization's activities. **This is different then common value.** Each interest group's needs are considered as distinct areas to be addressed.





Industrial Relations and Sustainability

Organizations today are more focused on creating sustainable solutions for their stakeholders.

Sustainability looks at the impact the organization has on key stakeholders to ensure they are providing value to them for a sustainable future.

This means ensuring that all stakeholders have an opportunity to participate in appropriate ways with the activities of the organization.





Why is this important?

- **Your employees are key value drivers** (through productivity, quality, safety and customer service). Are you optimizing this value through an active engagement strategy?
- **Are you seen as a preferred employer?** Are you able to attract the best and brightest?
- **Labour costs are one of the most significant costs your organization faces.** Are you actively managing these costs? Do you unwittingly pay a premium for labour because you feel you have little control?
- **Many stakeholder relations are contractual.** For example, you have a Collective Agreement with the union representing some of your employees. Do you have a way to ensure that these contractual arrangements are not in conflict with your engagement strategy and business goals?





Why is this important?

- **Have you identified the risks associated with each stakeholder relationship?** Financial risks, reputational risks, safety risks, etc.
- **Are your contractual arrangements aligned, supported or in conflict with your business plans?** (Mergers, acquisitions, divestitures, new business ventures)





What should my organization be doing to mitigate Industrial Relations risks?

- **Develop an Industrial Relations Strategy.** “Without a destination any road will do”
- **Identify the needs of all stakeholders.** Do not unwittingly erode shared value opportunities.
- Ensure you **understand the existing culture** of your organization and how you are perceived.
- **Review your organization’s structure** – Do you have an executive responsible for stakeholder relations/sustainability?
- Understand the **need to invest in expertise** to help maintain stakeholder relations as a sustainable asset. This work is not legal or financial work. It is uniquely human and qualitative, it can be complex and experience helps.
- **Prepare, prepare, prepare.** This is the respectful, smart way to conduct your affairs when it comes to industrial relations.



What should my organization be doing to mitigate Industrial Relations risks?

Alice: *Would you tell me, please, which way I ought to go from here?*

The Cheshire Cat: *That depends a good deal on where you want to get to.*

Alice: *I don't much care where.*

The Cheshire Cat: *Then it doesn't much matter which way you go.*

Alice: *...So long as I get somewhere.*

The Cheshire Cat: *Oh, you're sure to do that, if only you walk long enough.*





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