

CODE OF INDUSTRIAL RELATIONS (IR) PRACTICE

Objective

To foster a partnership between management and unions/employees, harnessing the efforts of both to:

- (i) develop a motivated and productive workforce to achieve business excellence;
- (ii) realise employees' full potential to enable them to earn higher incomes and live a better life;

And to contribute towards a harmonious workplace environment, strengthen tripartite collaboration and enhance Singapore's overall competitiveness for economic growth.

Code of Practice

Management and unions are committed to working together to meet new challenges, resolve differences and seize opportunities in a rapidly changing business environment. Towards this objective, we shall observe this Code of practice:

- **Collaboration, not Confrontation**

Regard each other as partners to build lasting relationships. Adopt a consultative approach in resolving issues through dialogue, taking into consideration the needs and concerns of both parties.

- **Leadership and Mandate**

Provide leadership and direction in the overall interest of all parties. Lead by example and take responsibility. Ensure that representatives have the necessary mandate to negotiate and commit to agreements reached.

- **Mutual Trust and Respect, Understanding and Integrity**

Foster close relations based on trust, respect and understanding. Conduct dealings with integrity, honesty and in good faith.

- **Sharing of Information**

Share information and engage in dialogue with openness and transparency to promote trust, assist in decision-making and facilitate dispute resolution.

- **Professionalism**

Conduct industrial relations professionally and competently based on sound business and economic principles and understanding of human relations. Work together to resolve issues fairly, effectively and expeditiously. Seek mediation where necessary. Establish an effective procedure to resolve grievances.

- **Mutuality of Purpose**

Identify common objectives, build a shared vision and formulate win-win solutions. Meet challenges and seize opportunities together for mutual benefit. Place long-term goals above short-term gains and wider interests above sectional interests.

Explanatory Note To Code of Industrial Relations Practice

BACKGROUND

Industrial relations in Singapore in the 1950s and early 1960s was adversarial and confrontational. At the company level, working conditions were poor. There were disruptions in business operations and low productivity due to frequent work stoppages and a lack of discipline and teamwork. This resulted in a poor investment climate, economic stagnation, high unemployment and social unrest.

Independence thrust upon Singapore in 1965 marked a turning point. Faced with a dire economic situation aggravated by the withdrawal of British Forces, Singapore embarked on an industrialization programme to attract foreign investment in order to create jobs for the people. The crucial challenge was to move away from an adversarial labour-management relations climate to a co-operative one; and to develop a disciplined, motivated and productive workforce, as part of the national effort to create a favourable climate for investment.

To achieve this objective, the existing legal framework was overhauled by introducing a rational procedure for collective bargaining, conciliation and arbitration of industrial disputes, and also by establishing basic employment terms for employees. More importantly, the three social partners, i.e. the Government, trade unions and employers, realized that for the industrialization programme to succeed, confrontation had to be replaced by co-operation and collaboration. They therefore decided to adopt a tripartite partnership approach, with the Government as a facilitator, to bring about labour-management co-operation.

A new spirit of tripartism was thus born. This provided a consultative platform for industrial relations issues to be addressed and resolved amicably and laid the foundation for the development of a disciplined and productive workforce. All this contributed to business efficiency and growth, which brought about sustained wage increases, and improvements in working conditions and employment opportunities.

Over the years, the tripartite partnership approach has enabled us to successfully replace the adversarial relationship with a constructive and dynamic one. Management and unions/employees have been able to work together to resolve differences rationally and amicably, to the benefit of both employers and employees.

Singapore has enjoyed several decades of sustained industrial harmony, and this has become a key competitive advantage in attracting investment. In addition, the strong tripartite partnership has enabled us to respond effectively as a team to deal with serious national challenges, such as economic downturns, and the SARS crisis of 2003. The willingness and ability to work together in times of crisis has further strengthened the spirit of tripartism and made us more resilient as a nation.

As Singapore advances into an era of increasing competition and intense globalization, we will have to grapple with new challenges to ensure the viability of our companies, the relevance of our workforce and the dynamism of our economy. To compete effectively and develop a knowledge economy, we will need to continually improve our business environment and move up the value-chain with a well-trained and innovative workforce.

It is of paramount importance that Singapore continues to preserve the harmonious and co-operative labour-management relations that has been a cornerstone of our economic success. Moving forward, management and unions/employees should work even more closely together to foster the synergistic partnership which already exists, in order to bring about a globally competitive workforce to achieve business excellence. In pursuing this objective, employees will also be able to realize their full potential, make greater contributions to their companies, and enhance their well-being.

CODE OF PRACTICE

Management and unions are committed to working together to meet new challenges, resolve differences and seize opportunities in a rapidly changing business environment. Towards this objective, we shall observe this Code of practice:

- **Collaboration, not Confrontation**

An adversarial and confrontational attitude reinforces differences and creates distrust. Opportunities to leverage on each other's ideas and experience are lost, and solutions are reached only as last resort compromises. Conducting industrial relations with such attitude creates instability and industrial strife, leading to economic and social outcomes unfavourable to all.

On the other hand, a consultative and partnership approach which takes into consideration each other's needs and concerns, promotes mutual understanding and win-win outcomes. At the same time, constructive interaction fosters a spirit of camaraderie and builds lasting relationships.

- **Leadership and Mandate**

Leaders should provide direction and guidance based on the collective interests of the stakeholders, bearing in mind the larger concerns of the company. Leaders should also lead by example, particularly in times of adversity. Voluntarily accepting greater responsibility and sacrifices enables leaders to have the moral authority to lead and cope with crises more effectively.

Management and union representatives should have necessary mandate to negotiate and commit to agreements reached. They should also have the appropriate authority to resolve disputes and safeguard employees' interest.

- **Mutual Trust and Understanding, Respect and Integrity**

Mutual trust, respect and understanding are key qualities which promote open and constructive dialogue, and strengthen bonds. They enable the parties to appreciate each other's constraints and concerns; and work together to meet challenges for mutual benefit.

Integrity, honesty and good faith are the pillars of good inter-personal relationships, which are the building blocks of successful consultation and co-operation. While differences of view are inevitable, these moral principles will strengthen trust and bring about amicable resolution of differences.

- **Sharing of Information**

Information sharing promotes transparency and eliminates suspicion and distrust. Information is a catalyst which promotes open and constructive dialogue, and facilitates decision-making and dispute resolution.

Constructive dialogue and informed decisions cannot happen unless relevant information is forthcoming, Negotiations will be bogged down and conflict will escalate. Disclosure of information demonstrates good faith and a sincerity to work together towards agreements and creative solutions.

- **Professionalism**

Professionalism requires technical competency and objectivity in dealing with issues. A professional takes into account the interests of all stakeholders and evaluates relevant facts before drawing conclusions.

A professional is honest and fair. He is expeditious in resolving conflicts, provides appropriate solutions, and seeks mediation where necessary. He understands business and economic principles, including the close link between productivity and wages, as well as good human relations. He also establishes a fair and effective grievance procedure.

- **Mutuality of Purpose**

The viability and success of a company are not only concerns of management but also of employees. Both should have a shared vision of corporate interests and goals in the conduct of industrial relations.

The shared vision unifies the interests of the parties and directs them to place long-term objectives above short-term gains, wider interests above sectional interests, and co-creates win-win solutions that fulfil the needs and purpose of management, trade unions and employees.