Aspects of strategic decision making in the trade unions of Latvia: Topicality and problems

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Abstract: Introduction. The present situation in Latvia can be characterized by a high, persistent unemployment level, economic emigration, stress at the workplace and individualization of society. The aim of the paper is to reveal the aspects of strategic decision making in the trade unions of Latvia, their topicality and problems evaluating the involvement of the Latvian trade union members in strategic decision making and the comprehension of constant union goals. Methods. The theoretical and methodological basis of the research lies in the scientific literature published in the European Union states and the United States of America. The empirical research employs qualitative research methods: semi-structured interviews and document analysis. Material and results. The strategic decision making process was characterized in the analysis of the theoretical sources. The practice of strategic decision making in Latvian trade unions was clarified in the empirical research. The paper concludes that the practice of delegation of strategic decision making should be improved to encourage members involving in the realization of the trade union’s goals and objectives. It is advisable to increase unanimity of chairpersons and members in the trade unions in Latvia, which can be ensured by promoting the comprehension about strategic decisions using the form of a dialogue between the chairpersons of the LBAS and the chairpersons of Latvian field/professional trade unions as well as a dialogue between the chairpersons of Latvian field/professional trade unions and union members.

Key words: trade unions, strategic decision making process, goals, trade union members

1. Introduction

The present situation in Latvia can be characterized by high, persistent unemployment level, economic emigration, stress at the workplace and individualization of society. Every factor separately, as well as all of them together, makes an impact on the reduction of the number of trade union members, which is a serious challenge for every trade union, because it requires a careful analysis of the present situation, planning of further activities and the ability to work more intensively and flexibly. Researchers K. Straton Devine and Y. Reshef
have concluded (Stratton-Devine and Reshef, 1996) that traditional work methods of trade unions are not suitable for the new external environment conditions, therefore, trade unions should use strategic planning and look for other, new work methods.

The topicality of the research is also indicated by the result analysis of the survey made and carried out by the author of the paper in 2011, surveying members of Latvian trade unions. The result analysis proved that the trade union members are little involved in the strategy development process and strategically important decision making in the trade unions.

The aim of the paper is to reveal the elements of the strategic decision making process in the Latvian trade unions, evaluating the involvement of the Latvian trade union members in strategic decision making. Objectives of the paper are: to analyze scientific literature on strategic decision making; to conduct the analysis of the empirical research in order to come to conclusions on the elements and problems of the strategic decision making process in the trade unions of Latvia.

2. Methods

The theoretical and methodological basis of the research lies in the scientific literature published in the European Union countries and the United States of America. Methods applied in the research are: theoretical research method—analysis of scientific literature, and empirical research method—surveying Latvian trade union leaders applying structured interviews and the method of document analysis. Different Latvian branch/ professional trade union chairpersons with trade union administration experience of 5 years or more, and whose trade unions represent different economic sectors, were chosen as experts. The average age of the experts is 55.4 years, and the average leader work experience is 12.7 years. Twelve Free Trade Union Confederation of Latvia (LBAS) member organization chairpersons (60% of the total amount of the member organization chairpersons) were interviewed in May 2015.

In addition to the interviews, the statutes of the Latvian branch/ professional trade unions administrated by the experts were analyzed. The aim of the statute analysis was to find out what institutions make the strategic decisions in Latvian trade unions.

The aim of the interview was to clarify what the strategic decision making practice in Latvian trade unions is. The questions used in the interview were based on: D. Channon, A. Thompson, A. Strickland and J. Gamble, R. Daft’s opinions on important elements of the strategic decision making process—the necessity of a strategy establishment; the existence of a strategic direction (vision, mission, values) and the existence of main strategic goals; the existence of external environment analysis; the practice of strategic decision delegation and the creation of strategy development teams; the methods of strategic decision development.

Processing and analyzing the results of the interviews: The interviews were firstly audio recorded, then they were transcribed—qualitative transformation of the results in a printed form; based on the transcript information, a qualitative content analysis was performed.
3. Material and results

3.1. Theoretical analysis of management literature

The theoretical analysis of management literature reveals that I. Ansoff (1989) has defined strategy as a combination of decision making rules that organizations use in their operations. Management theoreticians characterize different schemes of the strategic decision making process, however, they do not significantly differ. Traditionally, the process of strategic decision making consists of:

– Determination of the mission of the organization including statements about the purpose, philosophy and the main goals.
– An assessment of the internal environment of the organization, including an assessment of its culture and history.
– An assessment of the external environment, using PEST analysis.
– The matching of external opportunities and threats with internal strengths and weaknesses, using SWOT analysis.
– The identification of desired options from this analysis in connection to the organization mission.
– Strategic choice of a relevant set of long term strategies and policies required to achieve the chosen options successfully.
– The development of short- and medium-term strategies and action programmes consistent with the long-term strategies and policies.
– Implementation programmes based on budgets and action plans based on budgeted resource allocations and monitored via appropriate management information, planning and control systems, and reward and sanction systems.
– Review and evaluation systems to monitor the strategy process and to provide an input for future decision making (Channon, 2005).

The strategic decision making process can be inspected using the strategic management process, provided by theoreticians A. Thompson, A. Strickland and J. Gamble (2008). S. Sekhar (2010) has stated that strategic management can be regarded as a complex of management decisions and actions that determines the long term operation of the organization and involves the analysis of its internal and external environment, strategic planning, formulating, evaluating and control. The model shown in Figure 1 indicates the impact and the mutual interaction of the strategic management decisions.
R. Daft writes (2008), ‘… decision making is a process of problem solution and opportunity identification.’ G. Bell explains (Nut and Wilson, 2010) that strategic decisions are significant decisions that influence the long-term operations of the organization, and require employee involvement, as well as substantial time and financial resources. As P. Nutt and D. Wilson (2010) have admitted, strategic decisions that are essential for the organization’s future often require profound leaders’ understanding of the decision making and socio-psychological processes in the organization. Theoreticians indicate that strategic decisions are complex because: these decisions frequently lack a single better alternative; various organizational problems that are difficult to diagnose and/or defined are related to them; problem solutions are often related to various compromises and the effectiveness of the benefits is hard to evaluate because clear criteria for their effectiveness do not exist. In the modern changing environment, researchers admit that collective decisions are significant components of strategic decision making. As the structure and essence of unions anticipate the possibility of a high level of member participation in the trade union management, in the author’s opinion, trade unions should use the opportunities to ensure the involvement of the union members in the strategy development and implementation. Regarding the involvement of the union members in decision making, there are various models of strategic decision making that reveal the leadership style, leaders’ trust in their followers and the ability to delegate tasks. In the first model, the main strategic decision maker is the leader: in cooperation with lower level leaders the necessary information is obtained, but the interpretation of the information, taking the decision and further operations are only the leader’s responsibility—the leader is the one who develops the strategy and manages its implementation. The second model has a semi-consultative character: this model is similar to the consultative decision making style described by V. Vroom and P. Yetton in 1973. The interpretation of the information takes place together with the followers; leaders listen to the ideas of the followers and lower level leaders, but the final decision making is done by the leader alone. The third is the collective decision making model.
when the leader obtains information together with the followers, interprets it, develops and evaluates alternatives, but in case of disagreement achieves a consensus (Arendt, Proem and Ndofor, 2005). The third model can be successfully implemented in teams that could be built in trade unions for making various strategic decisions during the period before a congress.

Management theories (Roberto, 2004) discover several factors that affect the success of the strategic decision implementation: employees’ support of the decisions made; effective communication with employees and different level managers. Researchers P. Draker, B. Wooldridge and S. Floyd assert that for decisions to be successfully implemented, leaders should achieve the consensus of employees: understanding and support for successful decision implementation. Whereas, V. Vroom and P. Yetton stated that it is exactly the employee participation that helps to understand decisions better and leads to a larger involvement in the implementation of decisions.

F. David (2011) has also admitted effective communication to be one of the main preconditions of successful strategic management—using dialogue and participation raises employee’s loyalty to the organization. Loyalty and understanding of different level managers and employees is one of the main strategic management benefits. In cases when managers and employees understand what and when is being done in the organization, when they comprehend and support the mission of the organization, they sense themselves as a part of the organization. It increases the loyalty level significantly and leaves a positive impact on the employees’ creativity and innovative skills. Therefore, in the recent years organizations try to decentralize strategic decision making. It can be observed that during the process of strategic management employee involvement in decision making has an especially critical importance. According to the author of the paper, this aspect is also significant in trade union management—without understanding and loyalty of the members the implementation of the strategic decisions is difficult. Therefore, effective communication in a group is important, hence, strategic decisions are developed in a group within the process of information exchange and knowledge creation in order to clarify contradictory assumptions and avoid obscure ideas. Such communication in a group allows the group to test contradictory assumptions and to model their consequences, as well as facilitates the development of the group participants’ mental models (Vallaster and Koll, 2002).

It is useful to create specialized teams of employees for strategic decision making that are not a part of the organizational structure, and the decision implementation is the special task of these teams. The team in this case is considered as a group of employees that cooperate on a voluntary basis in a coordinated manner to attain particular strategy development and implementation related goals (Daft, 2008). The specifics of trade unions comprise a variety of their members’ knowledge and skills—seldom can any organization possess such a wide range of professionals as unions can. The author of the paper considers that nowadays unions should elaborate the opportunities for their members to participate in decision making. Therefore, unions need to activate teamwork principles and develop teams of the active union members that would participate in strategic decision making.

In trade unions in Europe, the USA and Japan traditional highest decision making institution is the congress (Salamon, 2000). Recently, theoreticians have indicated a decrease in the democracy level and a formal congress process: members, taking part in the congress, can
make little impact on decision making, whereas the decision making problems in the committees are sometimes caused by members’ lack of knowledge about how to manage organizations. In many trade unions, committees consist of people who understand the theoretical concepts of organizational management, but in many other unions committee representatives have little idea about these matters (Rigby, Smith and Brewster, 2006). Referring to the opinion of theoreticians, it can be stated that democratic and problem analysis-based decision making is made difficult in many unions.

3.2. Analysis of the trade union statutes

The analysis of the trade union statutes reveals that all branch/ professional unions included in the LBAS have councils or committees that manage the union operations between the congresses. The next decision making bodies below them are boards. The leader of the branch/ professional union is a part of both the board and the council (Statutes…, 2015). Figure 2 shows the structural units involved in strategic decision making in Latvian branch/ professional trade unions.

![Diagram of Structural Units](image)

**Figure 2. Structural units of Latvian trade unions involved in strategic decision making**

Source: Author’s own elaboration.

Members who are delegated to the industry/ professional union’s congress at the enterprise level make decisions about electing the chairperson; contents of the statutes including the independent goals; priority directions of the organization’s operations. Additionally, in the process of the statute analysis, the author came to the conclusion that special work groups or teams for strategic decision making are not provided in this document. The goals defined in the statutes of the trade unions of Latvia can be evaluated as independent goals because they are traditional and, mostly, remain unchanged over time (Statutes…, 2015). It can be observed that the trade union statutes do not establish the strategic operation of these organizations in a more detailed way, and thus, a precise and extended definition of goals and objectives needs to be provided in the strategic planning documents.
3.3. Summary of the findings of expert interviews

The total of the 12 interviewed experts comprises 60% female and 40% male respondents. No respondent was below the age of 30, 33% correspond to the age group 31–40, 17% of respondents were in the age group 41–50, 25% of respondents represented the age group 51–60, and 25% of respondents were above 60. The results approve about half of the respondents were older than 51. Respondents’ responsibilities in the union administration: 25% of respondents have occupied some position in the union administration: from 1 to 5 years, 17% from 6 to 10 and 17% from 11 to 15 years, 8% have worked in trade union administration: from 16 to 20 years, bet 33% have been doing that for 20 years or more. The demographic results of the respondents approve the experts’ experience in trade union work.

Experts’ opinions about the necessity for a strategy in trade unions

The trade union chairpersons find it hard to describe the process in which the strategic basis (priority organizational operational directions) of the operation is being developed. Nine experts have admitted that trade unions should determine their strategic basis. Whereas, three union leaders admit that there is no need for defining a strategy. Such an opinion is justified by saying that, ‘Operational outcomes do not depend on the strategy but on the management’s attitude to unions’; ‘Strategic goals change under the influence of time and situation, therefore there is no need to define them’; ‘Unions lack finance for attaining the goals.’

The results of the interviews indicate that there is no regular, systematic strategy development, which is a significant fault, in the opinion of the author.

Experts’ viewpoints on formulating the strategic direction (vision, mission, values)

Only in two trade unions values, mission and vision are defined. One of these trade unions regularly revisits these aspects when the work group is preparing for the congress and they have defined a vision where their members want to see the trade union in 2020. Four key words have been used to determine the strategic direction: motivation; quality, legal protection and effectiveness. Whereas, ten trade unions have not defined the values, mission and vision. Such a practice is explained by saying that, ‘Values, mission and vision should be defined by the national level trade union, we are more down to earth’; ‘The trade union operates as an ambulance, therefore it is not important’; ‘It is expressed through our operations, but we do not write it down on the paper’; ‘We did not have time to define, we have only discussed it a little in the board meetings.’ Leaders of two trade unions admit that it is not necessary to define values in the trade unions they manage ‘… because it is more important to defend people…’, at the same time agreeing with all the other respondents who consider that the base value of trade unions is their members, for example, ‘… our value is the employees of the industry; we want the employees to receive a decent salary so that they could support their family and educate their children’; ‘Members are the base value. The more members there are, the stronger the trade union.’ The answers prove that the majority of the respondents have not immersed themselves into the essence of the mission, vision and values: therefore, in the majority of the trade unions, the strategic direction has not been formulated. All of the
respondents believe that the main value of a trade union is its members, however, it has not been formulated in a written form.

**Experts’ opinions about the necessity for having and formulating strategic goals**

One of the interviewed leaders reveals that in the union that he manages specific and measurable goals are defined. The results of the interviews reveal that specific and measurable goals are defined in one of the 12 trade unions of Latvia, which indicates insufficient understanding of union leaders about the importance of strategic vision in trade unions.

**Experts’ opinions about the necessity for analyzing the external environment**

In general, leaders evaluate the external environment as unfavourable and admit that the operation of trade unions is affected most strongly by the neoliberal political environment; the microeconomic situation of the country; journalists’ poor understanding about the specifics of the trade union operations, bias and negativity in the assessments, as well as the critical public opinion about these organizations. Based on these considerations, the leaders admit that because of the impact of these factors, it is getting more and more complicated to manage a trade union. Despite this viewpoint, a systematic analysis of the external environment is conducted only in one of the interviewed trade unions. SWOT method is sometimes being used in this union for analyzing the internally environment. In most trade unions the external environmental factors and their impact on these organizations’ operations are irregularly discussed in board and council meetings. The respondents agree with the statement that the external environmental factors of the trade unions should be analyzed more often.

**Practice of delegating strategic decision making**

Four out of nine leaders make decisions themselves about the priority strategic operational directions of the organization. The leaders have chosen such a practice because ‘… members consider that the leader knows better what goals have to be set and completely trust the leader in this matter’; ‘The leader defines strategic goals on the basis of the ones of the European partnership union because he considers these goals suitable and trusts this organization’; ‘The leader understands better what is important to be executed in future years, and, in fact, the goal repeats itself every four years, so we do not think about new goals’; ‘The leader analyzes the current situation, develops strategic directions, but they are discussed in the board and the council and the final decision about the strategic direction is made in the congress.’ Two unions have fully delegated the responsibility for developing strategic decisions to the congress. In three of the interviewed unions, the leader together with a work group develops the strategic basis before the congress. Such a practice of delegating decision making reveals that, when defining the priority direction of the organization’s operations, the dominating model is the second—semi-consultative model.

**Experts’ opinions about the necessity for creating a strategy development team**

In several unions various work groups or teams are designed, for example, a work group for developing new statutes and a work group for developing a collective agreement, but strategy development groups are not formed because the leaders do not have experience in
establishing such groups. Two experts consider that it is impossible to design strategy development teams in their unions because of the following reasons: ‘… people are too overloaded, often they cannot find time for the union activities, therefore we do not do that not to unnecessarily burden our people’; ‘The strategy development team cannot be formed because the education level and competencies of chairpersons are too low for them to work in such a team successfully.’ Only one of the twelve unions has a strategy development team. International strategic management experts are also invited to work in it. The results of the interviews reveal that to date, union leaders have not understood the benefits created by teamwork and focusing on strategy development matters, thus the practice of delegating strategic decision making needs to be improved.

Methods applied to make various strategic decisions in boards and councils

The opinion that members are not particularly interested and are not active in solving serious issues, nor that the people elected in the boards and councils want to get involved in solving the issues dominates in the interviews. Leaders of all the interviewed unions admit that most frequently a dialogue and discussions are employed in boards and councils. In one of the unions to facilitate discussions, the leader proposes three versions of decisions and invites to discuss them. Creative methods of decision making are not used in any of the unions. The results indicate to the fact that the current management practice does not provide sufficient idea generation and knowledge exchange, and as teamwork is not facilitated either, it can be assumed that the total of these factors make a negative impact on the members’ desire to get involved in implementing various trade union goals and objectives.

4. Conclusions

– Strategic decision making in Latvian trade unions mainly takes place in trade union congresses—the delegated members make decisions about electing the chairperson; contents of the statutes; strategic basis of the organization’s operations. Two trade unions have completely delegated the strategic decision making to the congress. In one trade union, the strategic decisions are made grounding on the goals of a collaborative European branch trade union, which partially restricts a specific Latvian trade union having a decision making process that is adequate to a specific situation. The practice of strategic decision making reveals that when determining the priority directions of the organization’s operation, the semi-consultative model dominates in the trade unions of Latvia, partially restricting the members from involving in the decision making process.

– In general, strategic decision making in Latvian trade unions is problematic because the result analysis of the interviews with the trade union chairpersons prove that there is no regular, systematic strategy development. The use of elements shown in the strategic decision making theory (strategic direction and existence of priority strategic goals; strategy development teams; strategic decision delegation; diverse decision development methods) is insufficient.

– Strategic decision making is difficult due to the chairpersons’ lack of comprehension about: the necessity for developing a strategy for a trade union that is suitable specifi-
cally for each operational situation, in which it is important to identify the desirable operations considering the mission of the organization. However, as proven by the analysis of the interviews, only two trade unions have formulated their values, mission and vision. Trade union chairpersons’ incomprehension of the essence of mission, vision and values delays the development and formulation of the trade union’s strategic direction, therefore, also delaying the development of strategic decisions. Identification of the desired actions in the process of strategic decision making is worsened by not having specific and measurable goals: only one out of twelve Latvian trade unions has formulated such goals.

– The chairpersons admit the inimical influence of the economic and sociopolitical factors, however, a systematic analysis of the external environment, using SWOT method, has only been conducted in one of the researched trade unions. Nevertheless, the opinion of the interviewed chairpersons regarding the improvement of the strategic decision making process in trade unions can be evaluated positively; the external environmental factors of trade unions should be analyzed more often.

– Use of creative methods in decision development is urgent: none of the researched trade unions uses such methods, restricting the generation of ideas and knowledge exchange.

– Trade union chairpersons do not sufficiently realize the benefits of teamwork in strategy development and strategic decision making. In only one out of twelve trade unions there has been a strategy development team collaborating with strategic management experts. The main restrictions for creating strategy development teams, and, therefore, making collective decisions, according to the interviewed trade unions’ chairpersons, are members’ busyness with their direct work duties, as well as trade union chairpersons’ lack of competence in the matters of strategy development and strategic decision making.

– Accordingly, the practice of delegation of strategic decision making should be improved to encourage members involving in the realization of the trade union’s goals and objectives. It is advisable to increase unanimity of chairpersons and members in the trade unions in Latvia, which can be ensured by promoting the comprehension about strategic decisions using the form of a dialogue between the chairpersons of the LBAS and the chairpersons of Latvian field/professional trade unions as well as a dialogue between the chairpersons of Latvian field/professional trade unions and union members.

The author emphasizes the role of trade unions by giving an impulse for in-depth research of trade union management processes in Latvia. The paper contributes to the theoretical and practical development of strategic management and decision making in trade unions. The results are relevant and practically significant for trade union chairpersons to improve the strategic management practice.

The restriction of the research is due to the structure of the empirically researched group: the interviews were held with branch/professional trade union chairpersons within the LBAS (89% of the total amount of Latvian trade unions), however, branch/professional trade union chairpersons outside the LBAS (11% of the total amount of Latvian trade unions) were not interviewed.
References


decyzji strategicznych, wykorzystując formę dialogu pomiędzy przewodniczącymi LBAS a przewodniczącymi łotewskich terenowych / branżowych związków zawodowych oraz dialogu pomiędzy przewodniczącymi łotewskich terenowych / branżowych związków zawodowych a członkami związków.

**Słowa kluczowe:** związki zawodowe, proces podejmowania decyzji strategicznych, cele, członkowie związków zawodowych