

BDO-BDOEA/NUBE Relations: From fierce bargaining to enduring social partnership

The Banco de Oro (BDO) is now the Philippines' biggest bank in terms of assets and deposits. The union of BDO's rank-and-file employees – the Banco de Oro Employees Association/National Union of Bank Employees (BDOEA/NUBE) -- is also the biggest union in the country today.

Remarkably, the relationship between BDO and the BDOEA/NUBE is now over three decades old and the partnership seems to be moving from strength to strength. This is amazing given the reality of fierce competition among labour federations to “organize the organized”, which prevents management to have long-term sustainable and productive relations with its counterpart union.

Another amazing feature of the BDO-BDOEA/NUBE relations is the readiness of the BDO management to regularise the status of new hires in BDO once they have met the tenure requirements and to allow them to join the BDOEA/NUBE. As a result, the percentage of the non-regulars in the BDO rolls is less than five per cent. But more significantly, as the BDO grows, so does the BDOEA, which has now 15,000 members distributed in around 1,000 BDO branches and related financial facilities. In contrast, in the early 1980s, the original BDO (formerly Acme Savings Bank), had only around 300 employees. This clearly defies some anti-union trends in human resource management in the Philippines and other countries, specifically the trend to resort to more and more non-regular hiring and the tendency to limit the coverage of unionism and collective bargaining by limiting union formation on a per branch or per facility basis (meaning one union-one branch). These trends mean shrinking union membership overall and the proliferation of small unions with limited organisation clout -- even if a company or industry continues to grow in financial strength and operations.

And yet, the tremendous expansion of BDOEA/NUBE has not been a bar in the tremendous expansion of BDO as a unibank in terms of assets, branches and financial offerings. The BDO management itself readily acknowledges that the stability of their relationship with their employees through the BDO-BDOEA/NUBE partnership has enabled them to grow and expand virtually year by year. BDO's excellent performance in business has been recognized globally. It has been hailed as the “Best Bank in the Philippines” by the Hong Kong-based *Finance Asia* and the “Best Retail Bank” by *The Asian Banker*.

At the same time, one cannot claim that the BDOEA/NUBE union is a company-dominated union. In the first place, a company-dominated union will have difficulty maintaining its hold over its growing membership over a period of three decades. The union will be easy prey to rival organisers from other federations. In the second place, the BDO-BDOEA/NUBE collective bargaining agreement or CBA is easily the best among the local commercial banks in the Philippines in terms of employee benefits and entitlements. The BDOEA/NUBE employees even get an annual Labour Day allowance, which enables the employees to hold the largest indoor employee assemblies during Labour Day.

So how has this stable union-management relationship developed?

From discordant beginnings to harmonious transformation

The harmonious relationship between the BDO management and the union was not developed overnight.

The BDO and the BDOEA/NUBE were established in the early 1980s, a cataclysmic period for the Philippine financial system, which was reeling from a debt and economic crisis compounded by the political uncertainties during the last years of the Marcos Administration. The overall industrial relations climate in the country was also generally hostile, with numerous disputes and strikes sprouting all over Metro Manila and other urbanized and industrialized areas. The challenge for the bank then was how to make the company grow amidst a difficult economic, political and labour environment, while the challenge for the union was how to conclude a CBA amidst the same difficult industrial relations environment.

The union was able to conclude its first CBA after a long and gruelling process, characterized by hardline negotiation between the two parties, legalistic maneuvers and even threats of concerted employee action. However, during the CBA renewal in the mid-1980s, Ms. Teresita Sy-Coson, the young President of BDO, uncharacteristically sat down during the CBA meeting despite the absence of a management lawyer. While this meeting elicited some verbal tussles between Ms. Coson and NUBE President Jose Umali, Jr., this signalled the beginning of a direct face-to-face dialogue process between BDO and BDOEA/NUBE, regardless of the presence or absence of lawyers.

In short, Ms. Sy-Coson is not the typical CEO who avoids any face-to-face meeting, much less direct negotiations, with the workers. The President of NUBE, “Jun” Umali, also happens to be not the typical union leader. His knowledge of unionism and his professionalism in bank negotiations were shaped by his background as a rank-and-file bank employee, later as a bank union organizer, and eventually, as a Training Specialist for 14 years at the Asian Labor Education Center (ALEC), which is better known today as the UP-School of Labor and Industrial Relations (UP-SOLAIR).

Later, as the parties hunkered down to their respective bargaining positions, they realized that they would not get anywhere if they remained inflexible. Moreover, the parties realized that they could have direct face-to-face dialogue or discussion, especially on difficult bargaining issues requiring immediate and decisive answer from either management or the union. And as they learned to communicate to one another directly, the relationship between the parties became non-threatening. Gradually, over the years, the relationship has become cordial and mature, with the parties able to understand each other’s positions and rights more fully. There is no labour or HR problem, no matter how big, that cannot be solved because both the leadership of the bank and the union is just a telephone away.

Clearly, the direct involvement and commitment of the top management in the person of Ms. Coson herself were crucial in instituting and sustaining good labour relations at BDO. Ms. Coson

maintains an open and direct communication with the union not only during CBA negotiations but also when there is a need to immediately tackle pressing and complicated employee concerns, for example, in one instance a branch manager accused of sexual harassment was immediately reassigned in response to a union complaint. This positive attitude of Ms. Coson is emulated by her HR and other managers in the bank. The BDO management treats its workers with utmost respect. It openly declares its commitment to BDO employees as follows:

“We are committed to our employees’ growth and development and we will nurture them in an environment where excellence, integrity, teamwork, professionalism and performance are valued above all else.”

On the other hand, the positive attitude of the BDOEA/NUBE union, headed by NUBE President Jose Umali and former BDOEA President Antonio Gonzales, retired, and the present BDOEA President Nestor Perez, is also crucial in stabilizing and strengthening the relationship. Although the union has maintained the tradition of hard bargaining to secure the best possible terms and conditions for its members, it has also extended full cooperation with the BDO in the latter’s varied productivity-enhancing programs, particularly in building up the customer base of the bank. In the present CBA, a relatively new benefit mirrors this cooperative and productive relations – a “good customer service incentive” award amounting to 20 per cent of the basic pay.

Zero strikes, zero legal cases and full activation of the grievance machinery

The best indicator of the stability of the BDO-BDOEA/NUBE partnership is the record of the bank in terms of disputes – zero strikes and zero labour-related legal cases in over three decades. This is truly amazing given the huge personnel complement of BDO. Some good IR practices help maintain this positive and productive IR partnership. These include the establishment of the “hot line” communication system between the top management, as discussed earlier, and the institution of an effective grievance machinery.

On grievance machinery, this can be problematic in a company as big as BDO, with branches dispersed throughout the archipelago. A response of the union to this situation is the empowerment of the branches through the establishment nationwide of “shop stewards”, who attend to the grievances of rank-and-file employees and who hold grievance meetings with their respective branch managers. Grievances unsettled at the branch level are, of course, elevated at the higher levels – first, between the BDO area managers and BDOEA/NUBE regional coordinators and, lastly, between the top management of BDO and the BDOEA/NUBE national leadership. However, grievances at the branch level are rarely raised upwards because the BDOEA/NUBE union has been conducting a nationwide training program for its shop stewards, while the BDO HR Department has been briefing its branch and area managers on the BDO obligations to its employees under the CBA and the labour law system. In short, everyone in management, from the numerous branches to the top, is aligned with the system of positive IR relations instituted by BDO; on the other hand, the BDOEA/NUBE has made full use of the shop steward system in strengthening the capacity of the union to respond to the needs of a huge membership in a democratic manner. Incidentally, while the law on collective bargaining and

CBA requires the parties to establish a grievance machinery, many companies and unions in the Philippines never bother to establish or utilize the machinery, which explains why many unresolved disputes in unionized establishments end up in expensive and divisive court litigations.

The positive relations between the BDO and BDOEA/NUBE is further reinforced bank-wide through the conduct of joint seminars involving the area/ branch managers and the union shop stewards. Similarly, a joint program of building up the BDO culture has been undertaken by the two parties so that all employees and managers can internalize the BDO values. This is important given the recent acquisitions by the BDO of smaller banks and financial outfits whose work culture is somewhat different from the BDO.

**Latest IR innovation:
Manager-Steward Partnership Forum**

Despite the foregoing IR innovations, the BDO and BDOEA/NUBE are still not contented. In 2014, they raised the bar of positive and consultative IR relations at a higher level by launching a “Partnership Forum” bank-wide, meaning nationwide because the bank now covers the entire archipelago. The forum is organized by area, which is a cluster of several regions in Luzon, Visayas and Mindanao. In the forum, all area and branch bank managers and all union shop stewards in all the branches are in attendance.

The Forum is not the usual labor-management consultation (LMC) meeting where the union raises labor concerns and additional demands that are not reflected in the CBA such as having a sports festival or a better distribution of some benefits. LMC meetings usually last one to two hours in many firms and are held based on urgent problems, usually as proposed by the union. In contrast, in the BDO-BDOEA/NUBE Forum, managers and stewards commingle with one another for two days and, in the process, get to learn each other’s concerns in a more intimate manner. Through the Forum’s workshops and the open plenary reporting and discussions, both managers and shop stewards are able to identify problems jointly and engage in problem solving jointly as well. Some of the problems taken up were how to deal with overtime work, meet bank productivity targets and have a balanced distribution of work. The officers of the BDO’s Human Resources Group (HRG) and the Bank Branch Group (BRG) and the top officials of the BDOEA/NUBE are also in attendance to provide clarifications and guidance on HR or personnel policies and CBA clauses and benefits.

Overall, the Forum is designed to meet the welfare needs of the employees as well as the productivity targets of the bank through better or enhanced union-bank relations. Who can beat this formula?

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