

# Effects of strikes businesses



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## **I. Introduction**

Boycotts and lockouts are two other anti-impasse weapons sometimes used by labour and management. An impasse occurs when the parties aren't able to move further toward settlement. The principal weapons of offense employed by labor organizations in the warfare against employers are the strike and the boycott. According to the Dessler G. (2008), "Strike is a withdrawal of labor". (p. 619). "A strike is defined as a temporary stoppage of work by a group of workers (not necessarily union members) to express a grievance or enforce a bargaining demand". Foster A. (2004). Strikes first became important during the industrial revolution, when mass labour became important in factories and mines.(Setiawan 2009)

Responses to strike involve shutting down the factory, contracting work, continuing the operations, or changing the employees. Third party involvement – namely, arbitration, fact-finding, or mediation- is one alternative. (Dessler G. 2008).

Employer and employees have their own solutions to break this impasse. Employer can answer to the strikes by lockouts. "A lockout is a refusal by the employer to provide opportunities to work. It sometimes locks out employees and prohibits them from doing their jobs (and getting paid)." (Dessler G. 2008, p 621). Employees can organize a corporate campaign by making a boycott. "Boycott -the combined refusal by employees and other interested parties to buy or use the employee's products." (Dessler G. 2008, p 620). Firstly the term "boycott" appeared in the in Ireland in the 1800, because of the real person Charles Boycott, an Englishman who was responsible for supervision of land. His tenants asked him to lower their

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rents, he refused to do so, and turn out them, and after this the tenants organized a first boycott, denying him goods and services. His crops rotted in the fields because he had no farm workers, he stayed without any food, and found himself supersede from the community. After this case this term word quickly spread to other languages and regions of the world as well. (What is boycott?)

This paper will consists of the three parts: the first part is introduction, in the second part there will be presented examples of boycotts and lockouts, their analysis and recommendations as part of HR team, and the final part is conclusion, with references and bibliography at the end of the report.

## **II. Labor Strikes and Lockouts**

Three main forms of boycott exist. The first one is consumer boycotts, in which customers are encouraged to stop purchasing from a targeted company. The second form of boycott occurs when businesses withhold their patronage from other businesses. Finally, the term “ boycott” is sometimes used to describe an employee protest, known as labor strike. (Boycotts: Encyclopedia of Business). In this paper there will be discussed third type of the boycott- labor strike.

### **2. 1 Supermarket employee strike in the California**

#### **2. 1. 1 Description of strike**

In 2003, California has the longest supermarket employee strike and lockout in United States history. That action led to a nearly five month long supermarket strike and lockout, and it didn't have such strike from 1978. This strike touched four biggest supermarkets in the California: Vons,

Albertsons, Ralps and Pavilion, which is owned by Safeway. These chains have more than 850 shops in all the state. More than 70, 000 United Food and Commercial Workers (UFCW) picketed outside their stores for almost five months. When this happened, Ralps and Albertsons supermarkets locked out their workers without giving legal notice. Among demand of the employees were: reduction in employer contributions to the workers' health insurance plan, as well as a two-tier wage structure under which new hires would be paid far less than their co-workers and obtain health and pension benefits. (Milkman R. (2004)

### **2. 1. 2 Claims of strikers**

Employees of these chains wanted an increase in salary and also they stroked against decreasing of medical and pensions grants. Management of these chains wanted to put biggest part on social obligations on workers, and to pay medical insurance by employees. Management of these shops referred to the depression in the economics of state and decreasing of the profit. Also one of the points in protest of employees was introducing to the corporate practice the emulative methods, like in the analogical chain Wal-Mart. Strikers made a condition to pay weekly medical insurance in amount of the 5 dollar for each employee and also pay weekly to the family members in amount of the 10 to 15 dollars and to increase a salary on 1. 5 dollar to first year employees and on 45% to the rest of the employees.

### **2. 1. 3 Response to strike by employer**

Employer can answer to the strikes by lockouts as well as such steps as shutting down the factory, contracting work, continuing the operations, or

changing the employees. (Dessler G. 2008). In this case when the union started to strike only the Safeway-owned stores, Kroger and Albertson's immediately announced they would lock their workers out. All three chains started to hire thousands of replacement workers well in advance of the strike deadline. They agreed to share any profits for the duration of the conflict (Milkman R. 2004)

#### **2. 1. 4 Result of strike**

The 2003-year is remembered as huge strike and lockout in America's history. Two parties came to an agreement, that union and supermarkets will force workers to pay part of the cost for health coverage, and to make any rose in the contract. After this strike chains and employees all had losses. Many workers went into heavy money owing while they were on the strike and some even stayed without houses. Employers introduced a two-tier system that provides dramatically inferior pay, health insurance and other benefits, under which those hired after the strike received significantly less in both wages and benefits than current workers. The chains suffered too, losing more than one billion dollars in sales, and from another side the sales of the competitors such as Wal-Mart increased by the 11 percent. Beyond the financial figures, many people say the strike has had a lasting effect on their shopping habits. Many shoppers say they stopped going to the big three markets and never went back. (Effects of the Southern California grocery strike still felt, one year later)

## **2. 2 Lockout at Bosch plant in India**

### **2. 2. 1 Description of lockout**

The management of Bosch, the Indian subsidiary of Germany's Bosch Group and the manufacturer of automotive components, declared an indefinite lockout of all employees from the plant operations at its Jaipur plant on 12th of December. The Jaipur plant has 1, 200 employees and manufactures pumps for use in tractors and commercial vehicles. The lockout decision was taken because of the continuing illegal and unlawful strike by the employees and which is prohibited by the government of Rajasthan. (Bosch announce lockout at Jaipur Unit. 2008).

### **2. 2. 2 Result of lockout**

The Bosch Group biggest international companies in the world and promotes the principles of fairness; justice and transparency of the group in all its locations around the world. The Bosch group also encourages cordial industrial relations at all its plants across the globe. In the case of Jaipur plant, the company tried all possible legal options to settle this problem but left with no option due to non-cooperation from the striking union members. Even after many conciliatory meetings, the union representatives showed reluctance to cooperate. The union members also resorted to violent means to prevent movement of vehicles to the plant and scuttle the production process. Hence, the company is forced to take decision to lockout.

(Machinists-Lockout declared at Bosh Jaipur Plant -Labor Union continuous strike). The Mico Bosch Labour Union has been on an indefinite strike at the Jaipur plant since November 10 causing revenue loss to the company and the government. (Bosch announce lockout at Jaipur unit. 2008).

## **2. 4 Analysis and Recommendations**

In the place of HR Management, the first step that should be undertaken by the management is to improve the communication between the workers and their employers. If employees understand that their employers are really in trouble, then they will be less likely to mistrust their employers. But, if the grocery chains are still getting the substantial profits despite the competition, then it will be hard for them to give a good reason for cutting benefits. Professional negotiators can also help the parties reframe their understanding of the conflict, thus enabling them to pursue their mutual interests and possibly find a good solution. If this will not help, HR Management should ask for a help a third sider- mediator, who could be a lawyer or a union leader. If mediation is unsuccessful, workers may have to take the conflict to the government. The only methods for getting the government interested in the conflict are through lobbying and a publicity campaign.. (Cate Malek 2005)

### **III. Conclusion:**

Boycotts and lockouts are two other anti-impasse weapons sometimes used by labor and management. As it was already described, a strike and boycotts is organized work initiated by the employees for the purpose of enforcing their demands or a resisting demand of the employer. A lockout is a work initiated by the employees for the purpose of enforcing his wishes regarding relationship with employees or resisting their demand. It have seen in the examples shown above, that after the using the strike by the employees, management answered by a lockout tactics.

However, as part of the management it should not be a supporters the strikes and lockouts, because it removes the source of profits and injures company. Firstly it makes serious harm to property of the company, the law breaking, and if there is an employee's win in the strike, labor cost makes a serious item in the budget of employer. Thus, better to spend money on labor costs that spend more money during the strike or lockout and lose the customers. It is clear, that during this conflicts both sided are suffered and lose more than either side can hope to gain.

However strikes have some obvious advantages to the public. First of all strike are resulted in raising the living standards of many people, because in the strikes labor usually insist on improving something, necessity of change is a good thing. From the employees point of view it increases wages, decrease working hours and makes better working conditions.

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