

Employers and staff in dispute over wages



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Conflict occurs when the employer negotiate for wages. Wage and salary levels are usually the main reason for employers and staff in the dispute. This also means that in their wage rate or calculates the employees decided to increase their wages or changes in demand. At the same time, wage requirements may be related to the wage level may need to be adjusted to compensate for goods and services tax, such as inflation and interest rates of employees. Employees are more likely to seek higher wages to maintain their standard of living. As an example, the Australian trade unions and workers struggle for a raise in wages.

Baldamus (1957) concept of “ effort bargain” defines effort bargain “ tends to emphasize the material rewards available from work and concentrates on the factory shopfloor situation” (Watson T, 2009). In certain circumstances, employees may realize the rewards of their efforts to acquire a certain amount of improvement (Watson T, 2009). It result in the effort, responsibility and impairment that employee input and the returns as reward in term of money, satisfactions, security, status, career and etc. Richard brown highlights the importance of Baldamus’s insights into the way the work obligations are internalised while Keith Grint uses Baldamus’s work to illustrate the continuing centrality of the effort bargain to understanding industrial disputes. In another word, the notion of implicit contract is linked with the notion work orientation that result in the concept of effort bargain that emerged at the same time as it is related to (Watson T, 2009). A certain relationship between the employee which involves bargain which is struck with impairment of investment and cash to pay employees, benefits, job satisfaction, social returns, security, power status and career potential to

produce a certain autonomy and the relationship between employee incentives (Watson T, 2009).

Baldamus also stated that implicit contract is the centres and play an important role of relationship between employers and employees.

Behrend(1957) also clarify that implicit contract also an agreement between the two sides of inequality in which the employee, which in his or her specific motivations, expectations and employee interests, trying to make the best possible deal because of given his or her personal power as the skills, knowledge, physical fitness, personal resources and wealth, etc. Implicit contract assumes that there is a contract between workers and companies to maximize the company's expected profits, but only if the expected utility of workers is high enough under the contract that will prompting them to work for the company. In the implicit contract, risk-neutral firms tend to maintain a stable wage guarantee for workers to avoid the risk of fluctuations in the marginal productivity of workers. However, implicit contract refers to a transaction or relationship that is conducted without formal contract, as lifestyle improve, employees needed higher wages to support their lifestyle when the employer or management is not willing to bargain for a better pay and wages is an obvious important factor is the change in labor efficiency or work, conflict hence happen.

Futher more, Baldamus also concern that technology changes will make employee feel threatened for their job. In the new technology, the processes and introduction of new technologies results from a different consideration to another organization. A technology system is more than its sum of its techniques continuous success depends on several cultural aspects of

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technological change. The substantial change in employee behavior establishes organization structure, job design and required skills, values, attitudes for one or more than one factor followed by behavior of employees. In order to improve efficiency and vitality of the market, employers organizations and the introduction of technological changes, but any such changes, but it may seem small, it may invite the staff could be seen as a threat against the implicit contract. This may be because of this trend, in order to reduce job satisfaction, or have access to technology skills, or because employees tend to call for increased incentives to invest in additional work or further reduce the amount of autonomy in the formation of employees at work. However, with the new technology bring in, it do not meant the best outcome for the sector. For example, the experience of new technologies has been mixed in emerging economies like India. Technologies such as computer-controlled machines (CCM) and advanced manufacturing technology (AMT) increased to a certain degree of organization and management of costs rather than streamlining the system or improves production efficiency. Hence, employee will bargain for wages that how much effort they put in, whereby the employer will try to pay as less as they can as wages are costs to the firm and employee will bargain as much as they can as a reward in term of effort.

Despite from that, Baldamus also clarify that due to the result which made by the market context, the bargain between employee and employee is essentially unstable. One of the part is that the employers creates a constant pressure to minimize cost is when market viability take place and this will lead to a pressure to either cut the wages or increase the efforts of the

employees. However, employees will fight and defend themselves since they are the one that purchase the goods and services on the same market. In order to reduce the bargaining between employee and employer, Werner M and Heneman R mention that employers must measure and not assume that everyone is at the same level of execution performance of each individual. An employee can then be paid on the basis of his or her actual contribution. Employers must take care to adjust the performance of employees other than those prior to the remuneration of the control of the evaluation of these levels in order to reduce labor costs. In another word, efficiency wage theory, Salop (1979) suggests that the level of wages determines effort. Under normal circumstances, the wage premium paid to ensure that employers fulfill their highest level. The reason for providing the minimum wage is because employees have an incentive to perform lower than its highest level. By reducing the working hours of hard work than others, and receive the same return, the individual employee tend to maximize his or her net return that the employees may be trying to get a multiplier effect. In result, employees have their own reasons to prevent being reduced, while employers have their own reasons to minimize costs and reduce returns or increase their efforts. Hence, the bargain is essentially unstable.

Apart from that, Baldamus also concern that whenever a particular implicit contract is perceived to out of control, grievance situation will arises. The grievance may result in the employee within the scope of any response, from striking to absenteeism and from obstructive behavior to resigning. It is concerned that employees have the right to express and seek for solutions and they may be dissatisfied with any aspect of respect for their work. This

process may be regarded as complementary to the initial effort bargaining agreement not only because it is through the terms of these agreements often form the basis of a complaint or dispute, but also because through this process is obviously improper management staff to find that there are ability to maintain control of these measures in management decisions directly affect their work situation. However, the grievance policy should be bringing in to create organizational climate, goals, and in which the manager individually or collectively will be expected to respond to any complaints or disputes raised by way of the employee. The organization has so far been mutually agreed procedures for complaints and disputes, in part or in excess of the management objectives contained in the policy could be translated into commonly agreed goals and as a preamble to such procedures. It is management's attention in order to maintain the integrity of the procedural arrangements is often the most clearly expressed in this policy statement. Besides that, estimated savings to the company can reduce absenteeism due to the usual calculation can based on wages and benefits from the cost reduction multiplied by the number of days absent per day. In result, grievance situation can cope.

In summary, the conflict between employee and employer in the workplace is inevitable. The effort bargain between employee and employer will never meet as employee wanted to bargain as much as they can for their wages and employer wanted to reduce cost as much as they can hence both parties cannot meet their requirements. Besides that, external conditions are never constant and been manipulated by the employer and therefore there are

always threats to the stability of arrangements. Hence, the conflict in the workplace is inevitable.