

Peace in the industrial relations management essay



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Peace in the Industrial Relations system is necessary for fast economic growth of a country. Conflicts disrupt peace. In the field of industrial relations conflicts could collapse the companies or result in very negative impacts on the workers. Since history to the recent times there reported high profile industrial conflicts. Strikes fall under industrial action. There were major strikes taken place in the last few years. Most famous would be the Wall Street protest in US. Especially in the times of economic recession and fall of economies, employees suffer more. It also damages economic recovery. If there is no transparency of information and access to workers' rights, employees may tend to open conflicts.

Industrial conflict could be institutionalized through conciliation and arbitration.

Industrial conflicts in organisations are unavoidable. Employers to achieve their strategic objectives they need to maintain cordial and a result oriented relationship with the worker's. On the other hand employees are the main asset of an organisation. They play a crucial and strategic role as they're central to the product and process. They contribute to the organisational goals and profit of the company.

Usually unions and employers are in a constant conflict as they have opposite perceptions and point of views due to the divergence between the expectations of management and labour. This is a cause of conflict. Conflict by nature is a constant and ever present occurrence in an organisation.

Conflicts are two types; they are internal and external. Internal conflicts are the disagreements and mutual distrust which arise inside and within the
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organisation itself. That is a conflict between employer and employee at the work place. The employer expects to minimise cost and maximise output whereas employer looks for wage rate, to lengthen the hours of work, to speed up the workers, to layoff and to discharge workers. The union which represents the workers seek regular employment with regard to hours of work, security and continuity, safety, comfort, sanitation and esteem.

The manifestations of industrial conflict can be broadly classified into: The manifestations of organized group conflict (union management) and the manifestations of individual and unorganized conflict.

However, prevention of conflict is the best mechanism; collective bargaining which does not go to the extent of jurisdiction and peaceful in nature is the ideal for efficient working relationships. Though industrial conflicts could lead to social change it could also lead to collapse of economy.

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INTRODUCTION

The purpose of this essay is to discuss the subject of conflicts in Industrial System. For this purpose, I will refer to three specific incidents that demonstrate industrial conflict. For the subject of Industrial Relations, from the countries that we have studied I would like select three three countries that belongs to three industrial relations system. One country is the United States. United States has a Voluntarism type of IR system. The second country that I have selected is Germany. In Germany there is a Macrocorporatism system. Thirdly, I will select Japan where there is a decentralised system. The three approaches each of these countries have <https://assignbuster.com/peace-in-the-industrial-relations-management-essay/>

used in relation to solving the labour strikes is different. My purpose is to compare and contrast these differences

In this paragraph I would like to explain the three approaches to IR that I have selected. Macrocorporatism is declined in the world now. It means consensus-based political bargaining process. The process involve representatives of capital, trade unions. The states give space for a sectorally based conflict forms of relations. This indicates a general decline in the nature of national-level corporatist institutional structures that prevails in the liberal democracies of Western Europe. In Japan there is a decentralised system. Thus there is freedom for unions at industrial level. Labour unions in Japan are organized at the enterprise level. There is no collective bargaining or agreement at the industrial level. Without a difference of white collar and blue colour, all staff participate in the same union. Enterprise unions are organized by regular employees. They have a common interest under the long-term employment practice. That is for the purpose of improving their employment security, working conditions, and workplace welfare. Voluntarism means that in industrial relations there should not be a legal intervention. Allan Flanders, Sir Otto Kahn-Freund, had developed this idea.

In the first section of this essay which lays the theoretical framework, I will deal with conflicts in general. Then I will identify what is meant by Industrial Conflicts. My next paragraph will be on the causes of industrial conflict. Conflict occurs at instances when two or more people or groups have or when they have the perception of incompatible goals. There are four types of conflict. They are No conflict, surface conflict, Latent Conflict and <https://assignbuster.com/peace-in-the-industrial-relations-management-essay/>

Open Conflict. Industrial conflict and peace refer to issues in the field of industrial relations. "Industrial conflict" conveys the clash of personal and party interests. In the industrial system conflict occurs between the two parties to industry, those who work for profit and those who work for wages, or their agents. As a result of this clash, various forms of disputes could occur among individuals, groups and organisations. Often, in a workplace the relationship between the owners/managers and the workers/employees is in a conflict situation.

Next I will discuss three specific incidents of the conflicts that demonstrate industrial conflict background and context which it had occurred. I will provide a synopsis of the conflict from each of the three countries. For this I will discuss specific examples from US Germany and Japan.

In the following session, I will provide an analysis of the context to the above conflicts. I will also discuss the role of the parties and the processes that govern how conflict resolved in each jurisdiction. For this purpose I will refer to the theories in support of my argument.

Next, the assignment will focus on how the above conflicts have been resolved. I will analyse the methods used in conflict resolution. US is a good example that shows union action can be successful. Unions are workers' fundamental weapon to enforce their will on multinational companies.

The strike settlement made important progress on the dispute's central issue - creating full-time jobs for part timers. About 57% of UPS' 185, 000

Teamster workers labour part time - in many terminals two-thirds, or even three-quarters of the employees. PS union action did the strike as the social
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movement. It fought militantly for the demands of all workers. It also did advocacy work to share a vision of social justice . This mobilised rank-and-file workers to participate and organise. The UPS strike, because of the worker demands proved success. It is an important step in winning the loyalty and enthusiasm of unorganized workers. That is necessary to the survival of the labour movement.

The final section is the conclusion where I will summarise the main findings of this essay.

THEORITICAL FRAMEOWRK

CONFLICTS IN GENERAL

Conflict occurs at instances when two or more people or groups have or when they have the perception of incompatible goals. Conflict occurs at any level in any kind of situation.

Definitions on conflict help us understand the general nature of conflicts. Scholars have provided many definitions on conflict. Walton provides a more comprehensive definition of conflict, " opposition processes of any of several forms - competition, status, rivalry, bargaining, sabotage, verbal abuse" (Schmidt & Kochan, 1972). These definitions help the understanding of many forms of conflict in general. Usually conflicts occur due to lack of respect towards one another's perception and when there is exclusion.

According to Tear Fund International, there are four types of conflict. They are No conflict, surface conflict, Latent Conflict and Open Conflict. No Conflict means in any community there are conflicts. But before it develops, the

particular community resolve it themselves. Secondly, Surface Conflict means, a shallow type of conflict. Surface conflict could cause when there is mistrust and misunderstanding of goals. It could be easily resolved by improved communication between opposing groups (What is conflict?, n. d.). Latent conflict is where conflict is hidden; it needs to be brought into the light to be addressed. Finally, Open Conflict is a very visible and a deep rooted form of conflict. In this case, it is important to address both the root causes and the conflict itself. Disagreements could fast turn into open conflict when a particular community experience surface or latent conflict. Open conflict may result in damages in forms of physical, social, psychological and environmental. In this scenario, the effects affect not only the people involved in conflict but also those who are not involved.

Power is one of the main causes of conflict. Power determines the decision maker and the type of decisions. People like directors of companies usually possess power in comparison to the people they employ. Conflict occurs when balance of power is uneven between groups. One group can abuse their power, wants more power or fears losing their power.

INDUSTRIAL CONFLICTS

Industrial conflict and peace refer to issues in the field of industrial relations. " Industrialconflict" conveys the clash of personal and party interests. In the industrial system conflict occurs between the two parties to industry, those who work for profit and those who work for wages, or their agents. As a result of this clash, various forms of disputes could occur among individuals, groups and organisations. Often, in a workplace the

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a conflict situation. Conflicts may exist in latent or open forms at industrial relations field. The open conflicts could be seen in various forms such as being absent, sabotage, and work-to-rule, limitation of output, non-cooperation and then lead to industrial action. Industrial action includes protesting, lock-outs and boycotting.

An industrial action is when the employers' or the employees' side initiate a collective action to pressurise the bargaining party to achieve their objectives. Industrial conflict could be the cause of differences in values and goals. Besides, inequality in power, status and distribution also contribute to fuel conflict.

There are few common reasons for the occurrence of Industrial Conflict. First and foremost could be categorised as wage demands. The salary levels are the main reason for disputes among the employer and employee. It can also happen when the employees demand an increase in their salaries.

Employees could also demand to change the process of salary calculation. Consequently, when there is increasing inflation in county, employees may demand a salary increase which meets those expenses. Further, they could request an increase in Cost of Living Allowance against GST and interest rates. Working conditions, management policy and nature and Political goals and social issues could be other reasons which drive conflict between employers and employees (Bassey, 2009).

CONFLICT RESOLUTION METHODS

Conflict in the Industrial System is very harmful to the system. It could lead to the collapse of the co-operation and its mission. In order to resolve these conflicts, a positive approach to conflict resolution should be followed.

The main types of conflict resolution are can be categorized as informal, non-legally binding methods and structured legal procedures. Common forms of conflict resolution methods could be identified as are reconciliation, negotiation, mediation, arbitration.

In Sri Lanka, following methods are used to resolve conflicts:

1. Dispute Settlement by Collective Agreement
2. Dispute Settlement by Conciliation
3. Dispute Settlement by Arbitration
4. Dispute Settlement by Industrial Court
5. Dispute Settlement by Labour Tribunal

The each settlement method can be described as follows.

THREE SPECIFIC INCIDENTS OF CONFLICT

In this section, I will focus on three incidents of the conflict that demonstrates industrial conflict background. I will also analyse the context which it had occurred.

United States of America

The victory of Teamsters Union against the United Parcel Service in August could be called as one of the major strikes which took place nationwide in United States of America in the recent times. The strike which lasted sixteen days was considered a " turning point" and a " watershed" for the U. S. labour movement. It is considered the most important labor union victory in the United States. There were 185 000 strikers involved. The UPS biggest strike took place in August 1997. The strikers were protesting for full-time jobs, increased wages and the retention of their multiemployer pension plan. These employees were able to mobilise great support from the public. Finally they were able to achieve their demands. As a result of this strike, UPS suffered a loss of more than \$600 million in business as a result of the ordeal (Bloomberg, 2003).

The context to this strike is important as it was a struggle of the ordinary people against the multi-national and multi-billion companies. The public perceived these companies as demanding concessions from workers which was very unfair. Therefore, across USA people were supporting this labour move and were able to build a pressure on the companies. This was identified as the reason which led to the victory.

However, this strike and the victory was organised and led very well by the leadership of the Ron Carey reform administration. Carey leadership had carried out a nine- month contract campaign to find out the issues of importance for the UPS workers. The Union was able to motivate members highly. Pre-strike rallies were prepared to unify membership with various campaigns. They include a video for shop and stickers which announced " It's <https://assignbuster.com/peace-in-the-industrial-relations-management-essay/>

Our Contract. We'll Fight for It" (Greenhouse, 1997). With the initiation of strike the union worked hard to set up a routine of picket lines. UPS drivers reached their customers and explained the critical strike issues. In this way they were able to obtain sympathy for the workers' goals. Consequently, the pressure was very high and the government came forward to order the strike to end. The government claimed it in the context of " national emergency."

Germany

One of the major news in 2011 was the air staff strike to be held. They were demanding their rights. The air traffic controllers were threatening to carry it out nation wide. In general, around 600, 000 people use Germany's airports and Deutsche Lufthansa AG (LHA). If the strike would have happened it would affect all these people. German air traffic controllers demanded 6. 5% rise to the wage rise over 12 months. They also demanded that pay be should be linked to the number of years in service. The employers negotiated to pay a raise of 3. 2% one-time payment this year, and an increase of at least 2%. But the union rejected it. The government criticised the strike. Minister Peter Ramsauer criticised the strike as it was scheduled to be in holidays. He also questioned if 25-hour work week, 50 days' annual leave and average pay of about 120, 000 euros could be described as bad working conditions. However controllers union cancelled the strike plan. It was cancelled after Germany's air- traffic control company Deutsche Flugsicherung GmbH won an injunction blocking a strike. The company declared that the planned strike on wages is " disproportionate and illegal." The Frankfurt labor court ruled against the action while allowing an

immediate appeal to the State of Hesse employment court (Lufthansa cancels flights as cabin crews strike, n. d.).

Germany's Gewerkschaft der Flugsicherung union had planned 3, 400 controllers to strike between 6 a. m. and noon post the rejection of revised wage proposals from DFS.

Air Berlin Plc (AB1), Germany's biggest discount carrier and the No. 3 in Europe, had said it will " fly until the very last minute" to avoid scrapping services. If it took place the strike would be the first such industrial action in German history

South Korea

In December 1996 and January 1997, the largest organized strike in its history occurred. Workers in the automotive and shipbuilding industries refused to work in protest against a law which was to make firing employees easier for employers and curtail labor organizing rights. The Korean government intended to postpone the legal recognition of the Korean Confederation of Trade Unions until the year 2000. The officially recognized Federation of Korean Trade Unions then called upon its 1. 2 million members to go on strike on December 26. This was its first call for a general strike since the union's founding in 1962 (In the news, n. d.).

Within one day, the strikes spread into other sectors including medical field. South Korean riot police took violent action against the strikers, using tear gas to dispel crowds. Strikers went violent and responded by throwing bricks.

In January 1997, the strike ended after the labor laws were repealed by the government. Around 50, 000 workers participated. The all-out work
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stoppage was called for by two rival union groups and was meant to paralyze the economy, capping off three weeks of joint strikes against a controversial new labor law. However, banks stayed open, most manufacturing companies were unscathed and public transportation ran smoothly, despite striking taxi drivers. After 3 weeks, difference anti-government rallies joined the white-collar office workers among the participants. They voiced against concern over the new law. Labor leaders were camped within the church ground. They were planned to add pressure on the government till new law is rescinded (In the news, n. d.).

ANALYSIS OF THE THREE CONFLICTS

There are many theories on the source of industrial conflict. There are radical class oriented Marxist views. There are also views and theories of the clash of economic interests in relationship between employer and employee. This is due to the reason that both parties have different interests towards wages.

In Britain, Industry protection was introduced by means of tariffs. It guaranteed the manufacturers a domestic market. It protected from unfair competition which enabled manufacturing employers to pay fair and reasonable wages. This protection was based on the Excise Tariff Act 1906 (Deery, 2001) it was not until the 1970s

Three main principles were established during the early years of the Arbitration Court. They were:

1. The needs principle
2. Comparative wage justice

3. The capacity to pay

The Conciliation and Arbitration Act 1904 imposed a compromise in which 'employers were forced to recognize unions and unions to recognize the rights of management'(Deery, 2001).

In USA also the workers won their rights. The UPS workers' purpose was not limited to demands centred on them. But their demands were for a vast community for the company to create full-time jobs for part-time workers. This touched the hearts of US community. It was real discrimination that the company have the requirement for the workers do two part-time jobs which add up to full-time hours. But they are paid half time. UPS also tried to remove the union's multi-employer pension plan. There were totalitarian work rules.

In Germany, the labour dispute was averted as the case went to arbitration. The Germany strike ended after the union and the employers came into negotiation. The German air traffic control authorities came into an agreement with the Gdf Union. The union agreed to increase the pay by a total of 5.2% it had agreed to increase pay by a total 5.2% in two stages over a 17 month period, while certain employees would be moved up the pay scale, thus receiving a further increase. The GdF union, which had wanted a 6.5 percent rise, confirmed that a deal had been reached. In total, the measures will increase the DFS' staff costs by around 9 percent, it said. The authority described the deal as " a major financial burden" but said it wished to reach an agreement in the interests of customers and passengers.

HOW THE THREE CONFLICTS RESOLVED

As proved by the above conflict incidents:

In USA, the company did not respect three main factors. They were workers loyalty, attitude of the public, prospects of government intervention to end the strike. Instead United Parcel Service adopted a harsh point of view in preparation. UPS was aggressive to carry on its practice of part-time workers as sorters and loaders and to extend the use of part-time workers as package car drivers as well. Of the 180, 000 part-timers hired in 1996, only 40, 000 were still with the company by the time of the strike in 1997. UPS's objective was to start contracting out tractor-trailer driver jobs to cheaper non-union companies. On the other hand they also wanted to control over the UPS workers' pension funds. I think we also need to look at the grassroots level to understand the strike.

In my opinion, any strike is a question of employer ethics and values and standards. Employers prefer top- down authority, hierarchy and insecurity. This keeps the employees disempowered and in a powerless position. However, employs demand, dignity, respect, transparency and good governance. It is not limited to money.

Arbitration has been used in the above cases. There are two types of arbitration which are voluntary and compulsory. Voluntary is binding, adversarial dispute resolution process in which the disputing parties choose one or more arbitrators to hear their dispute and to render a final decision or award after an expedited hearing. Compulsory Arbitration is a non-binding, adversarial dispute resolution process in which one or more arbitrators hear

arguments, weigh evidence and issue a non-binding judgment on the merits after an expedited hearing.

In South Korea, the strike was to protest the new labor law, the officially approved Federation of Korean Trade Unions, of 1.2 million members, carried out its first general strike since it was established in 1962.

Unions were not allowed in Korea until 1987. The OECD made labor market reforms a condition of Korea's joining in 1996. About 1.6 million Korean workers, 13% of the Korean 13 million eligible labor force, are members of 6,600 unions. About 72% of all union members are employed by 2,400 large establishments with 300 or more employees.

Union membership peaked at 1.9 million or 19% of the eligible labor force in 1989.

Workers employed by large multinationals such as Hyundai earn about \$1,500 a month. Under current law, companies such as Hyundai must make payments to workers when they establish contracts. There is possibility of new labor law permitting employers to lay off workers without making severance payments.

Mediation is a process in a conflict, where a third party is used to resolve a conflict. Mediator takes initiative in proposing terms of settlement. It differs from arbitration in that the opposing parties are not bound by prior agreement to accept the suggestions made.

CONCLUSION

In this essay, I defined what conflicts are in general. Conflicts in the Industrial Relations system are more complex. In this essay I discussed three specific conflicts which had occurred in three different countries in three time periods. They are Britain in the duration around 1920s the strikes that followed with industrial revolution. Secondly I dealt with the UPS strike in US where the labour party and the union won. Thirdly I dealt with an example of an unsuccessful strike in Australia.

Through the study of these cases it could be observed that common causes of conflict as discussed in the background analysis are position of power-employees feel powerless and the employers are in a powerful position. Secondly, it is not only the salary which the employees seek from the employer. It is employer's responsibility to look after their rights health and well-being and specially security in the working environment. When these are denied employees are motivated towards no conflicts or latent. When there is lack of good governance, lack of transparency and communication flow employees feel deprived and they lose the space for discussion, negotiation and reconciliation.

However, these examples show that industrial peace is very important. Prevention of conflict is important rather resolution or addressing a conflict... Negotiation and co-determination under the legal obligation of " social peace" and " trustful cooperation" remove conflict and lead to work place harmony. Good governance, accountability and transparency of information are important at this stage. In a working environment professionalism and respect to each other views should be encouraged to the avoidance of <https://assignbuster.com/peace-in-the-industrial-relations-management-essay/>

conflict. There should be constructive relationships between trade unions and employers.