

The royal mail industrial dispute



**ASSIGN
BUSTER**

Two days of national strike action was taken in October 2009, supported by an overwhelming YES vote of three to one launched by Communication Workers Union (CWU). The dispute over pay, job securities and working conditions is still continuing although CWU has suspended strike to provide a period of calm for the Union and Royal Mail to negotiate a full and final agreement on the introduction of automation and relevant working practices.

The strained relations of both sides reveal the sensitive and complicated employer-employee relationship. Since the employee plays a vital role in the management, how to deal with the mutual relationships and ease the contradictions in order to make the relations go on the track of sound progress becomes an urgent issue. Through the Royal Mail case, if Royal Mail had balanced the modernization, the redundancy of employees and stabilization, the strike action could have been prevented. Now, both sides have to face a long period of negotiation for the sake of mutual interests.

The essay is writing to identify and analyze the relationship of both sides in order to get to the crux of this relation dispute. On behalf of employee's right, the essay also puts forward a series of suggestions to find alternatives to defuse the contradiction and resolve the conflicts.

Case Description

The Royal Mail industrial dispute is a long-running dispute in the United Kingdom between Royal Mail and members of the Communication Workers Union (CWU) which began in this summer. The failure in reaching any agreement between both sides made CWU initiate a national ballot for nearly 121, 000 postal workers. Owing to the support of most postal workers, it was

announced that a national strike would be held on 22nd and 23rd October. After further dialogue failed, more national strikes were announced to happen from 29th October to 31st October. However, on 5th November, it was announced that a series of national strikes had been called off until at least the New Year to allow time for fresh talks in order to reach a long term agreement. The industrial action led to a backlog of tens of millions of items of undelivered mail, with an estimated 30 million letters and parcels affected after the first wave of walkouts (TIMES ONLINE, 2009). The national postal strike only serves to damage the reputation of Royal Mail irrevocably and deeply, hurt its consumers and business especially those small and medium enterprises that depend on postal delivery and force more customers to look at alternatives. It was forecasted that Royal Mail might lose up to 62.9 million pounds of mail business before Christmas period (Brian, 2009). Moreover, this national industrial action could cost UK businesses about 1.5 billion pounds in lost revenues (Russell, 2009).

History of Royal Mail & the Communication Workers Union

Royal Mail Holdings is a state-owned limited company of the United Kingdom which founded in 1660. Royal Mail is responsible for national mail collection and delivery in the UK. It collects approximate 84 million items every working day directly from its 113,000 post boxes, 14,300 Post Office branches and from around 87,000 businesses. These items pass through its network of 70 mail centres, 8 regional distribution centres (for customer sorted mail) and 3,000 delivery offices. Then its fleet of over 30,000 red vehicles and 33,000 bicycles help it to deliver them to their final destination

(ROYALMAILGROUP, 2009). Since 2006, the profits of Royal Mail had dropped year on year. In 2008, the BBC reported that Royal Mail had suffered an annual loss of £279 million in financial 2007 (BBC NEWS, 2008).

The Communication Workers Union (CWU) is the main trade union for people working for telephone, cable, DSL and postal delivery companies, with 220,000 members, which was founded in 1995 (TRADE UNION CONGRESS, 2009).

Backgrounds of Dispute

Dated from 1971, Royal Mail experienced a seven-week strike for workers' pay rise and wildcat strikes in 2003 (LIBCOM, 2006). On 7 June, 2007, the union's postal members voted by 77.5 per cent to strike after a 2.5 per cent pay rise coupled with £350 million annually for continuous five years of cuts was offered (BBC NEWS, 2007). They took their first strike on 29 June and the second one on 12 and 13 July. In December 2008, workers at Mail Centres voted for strike action on Friday 19 December which might result in the negative effect of Christmas deliveries (BBC NEWS, 2008). Since June 2009, a series of localized strikes have taken place throughout the UK. Owing to the failure to reach an agreement on both sides' interests, the dispute escalated to a national strike action.

Identification and Analysis of Dispute

The industrial action is the direct cause of the main disputes over pay, job securities and working conditions. Owing to 10 per cent annual decline in letter volume caused by the economic recession and the popularity of e-mail and text messaging, Royal Mail claims to propel a series of modernization including cutting more than 53,000 jobs in last 7 years (Brian, 2009), cutting

overtime, forcing some full-time staff to work part-time and cancelling set delivery times for some business mail (TELEGRAPH, 2009) to remain competitive. On the other hand, Royal Mail has employed 30, 000 temporary workers to help clear the backlog of post resulted from the national postal strike and go through the high volumes in the coming Christmas period, which to some extent stimulate the insecurity of regular postal workers.

Consistently, there is a continuing controversy over the complicated relationship between employers and employees. Enterprises have obligations to both their shareholders and stakeholders in the business organization. One of the most important groups is the organization's employees. They are regarded as a virtually crucial production factor or resource in the corporation. However, sometimes, employees are seen as nothing more than factors of production, just like all other factors of production, and costly ones at that. They are not seen as persons deserving of respect or as investments necessary for the success of the enterprise. Although it is human dignity that prohibits regarding employees as a means only, and it is exactly this duty that posits the main ethical boundary for the management of employees, according to Kantian thinking. People are entitled to respect because they are free, rational, moral beings capable of being held responsible. In fact, under economic criteria, there is little doubt that employees are subject to a strict managerial rationale of minimizing costs and maximizing the efficiency of the resource.

It was long held that the relationship between employers and employees was defined as employment at will. For employees, if they do not like the treatment at the hands of their employers, do not wish to implement an

order, or disagree with firm policy, they could leave the job. Conversely, employers had a right to dismiss employees for whatever reason or no reason at all. Both parties, then, were free to terminate their working contract at any time. However, jobs have usually been harder to find than employees, many felt that employers held the power and that employees were relatively powerless and required protection (Hoffman and Frederick, 1995). Hence, the rights of employees are more jeopardized than the rights of employers, primarily since employees are more dependent on the employer and at a greater risk of sacrificing or bargaining away their rights in order to secure or keep a job. As is known to all, the employment relationship should be a reciprocal relationship that involves correlative dependencies between an employer and an employee. But not in the reality, it remains that of a superior to a subordinate.

Once the employment relationship established, business organization are obligated to provide employees with a reasonable salary, standard benefits, job security, a voice regarding working conditions and meaningful work. Although total job security is impossible in the current fiercely competitive world of international business, the person, once hired, has a right to hold that job as long as there are no good reasons for terminating the employment. That is because the fact that if an employee has been working for a business organization for a longer period, he or she will be dependent of the corporation. Those who were white-collar workers or professionals, quite inappropriately, did not worry about layoffs and outsourcing to foreign countries so long as the victims were the blue-collar employees or unskilled

labour force. Indeed, firing someone has to either be for cause or for contractually specified economic reasons (Bowie and Werhane, 2005).

However, this employment relationship is always at the risk of modernization and mechanisation which result in an embarrassed situation where a great number of employees lose their jobs and those unemployed people have become a kind of normality in many countries, threatening not only their right to work, but also the social structure of specific communities. Currently, modern employment patterns are prone to create a cleavage between those who have the highly skilled jobs which require long hours of work for high remunerations and those who suffer from unemployment or merely a series of low-skilled, poorly paid, temporary jobs (Crane and Matten, 2004). The increasing level of mechanization and computerization of working processes means that more and more factories and enterprises do not require as many workers especially those blue-collar workers. When employees sign the working contract, they recognize and thus freely accept an employment condition where they know that machines and new technologies might replace them if it is on technical grounds, possible to do so and the marginal cost of employees exceeds that of the machines. For Royal Mail case, it is a tendency that global postal services are being transformed by fierce competition and new technology such as E-mail and text messages. Though Royal Mail is delivering more parcels than before, online and mail-order firms have a widening choice of services to use, E-mails are consigning letters to history (Anonymous, 2009). Its modernization plan had called for a 10 per cent cut in costs at depots and sorting offices across the country - and cuts of 22 per cent in London (TELEGRAPH, 2009).

The minute the profit prospect changes, the first response is to cut costs, and one of the first places to find costs is employees. In that case, managers are obligated to discuss these changes with employees, to be fully transparent about the competitive situation they face, and to provide substitute benefits or compensations for the ones that are lost. Furthermore, it is usually contended that employees have a right to know about the exact causes for the redundancy or downsizing. For example, firm could provide more training so that employees are employable elsewhere (Bowie and Werhane, 2005). If business organizations misconduct the trust crisis and fail to calm employees down, the employees might stage a succession of strike action to express their dissatisfaction and protest the management decision, which might lead to the negative influence of company. Though strike is morally justified so long as it does not violate a prior legitimately negotiated agreement not to strike and so long as the strike does not violate the legitimate moral rights of others (Ronald F, 2007), to some extent, for either side, the action does not pay. This could be exemplified by Royal Mail strike. For postal workers, they could not be paid for their absence and need to clear up the backlog due to the strike action. What's worse, their strike might stimulate Royal Mail to introduce modernized facilities to deal with the daily operation as a replacement for manual workers. On the other hand, this national postal strike has been cruel to Royal Mail, already battered by annual loss and decrease in the market share of Royal Mail with each passing year. The industrial action not only damages the reputation of Royal Mail, forces people to be away from using mails and letters, but also leads to enormous economic loss.

Alternative solutions

Although the strike has been called off, there is still a long way for both sides to negotiate and reach an agreement finally. It is unavoidable for modernization and automation to be introduced throughout the whole streamline in the postal industries. The CWU, for its part, welcomes the technological changes for the sake of the development and profits of Royal Mail. But it claims that the postal workers' right need to be guaranteed.

In that case, it is necessary for company to take a series of actions immediately to minimize the harmful effects of strike actions. For the sake of company's development and profits, it seems that it is indispensable for company to lay off a number of postal workers to reduce the cost. In that case, effective performance appraisals, discipline procedures, dispute-handling procedures, and employee communications are all significant factors to justifiable discharges. A commonly suggested formula is for each dismissed worker to receive sufficient compensations including enough money to bridge the time for finding a new job. Secondly, for those workers who are within 3 years of normal retirement could be retired on full pension, with years of service computed as if they had worked until age 65. This is in the light of their slim chances to find another job compared to other workers. Thirdly, in the case of a multibranch company, all workers at the facility should have the opportunity to transfer to an equally paying job at another branch, with full moving expenses covered by the employer. Also, corporation-sponsored training programs should be established to train and place workers in other jobs in the local community. In the Netherlands, for example, most corporations offer employability training, and restructuring is

often supported with career counselling; in Belgium and Italy, firms are legally obliged to offer outplacement counselling in the case of lay-offs (Kieselbach and Mader, 2002). Another advice is increased democracy in the workplace, which means more worker participation in running the business, and more cooperation and communication between workers and management. Additionally, giving workers a bigger “ stake” in the business through ownership or profit-sharing plants (Hoffman and Frederick, 1995) might be a sensible suggestion to motivate employees and enhance their loyalties to the corporation. On the other hand, Royal Mail should stay on the right side of the law. It is management’s responsibility to know the law and to obey it. This is the clearest, best and most effective and fundamental position to take. Whatever the corporation does, it should be on the basis of legislation. The corporation that conducts itself honestly and legally has the least to fear from disgruntled employees. After finding a solution, company should deal in good faith with its employees. Honour commitments made, including those made in writing and those employees have a reasonable right to expect as matters of normal policy, behaviour (Carroll, 1989). Otherwise, the employees will go to law for the corporation acts in bad faith. All the proposed solutions mentioned before aim to give workers more challenge, more mobility, more variety and a greater sense of accomplishment.

Although the CWU has called of the strike, the negotiation for both sides is still in the procession without any positive progress. It is suggested that Volkswagen’s solution to solve the similar problem could be drawn on from their successful experience. In order to maintain a competitive cost

structure, Volkswagen was faced with the choice of either dismissing a large number of employees in its northern German operations or reducing working hours and payment for existing employees. After long negotiations, the “5000Ã-5000” model was set up in early 2000. This allowed Volkswagen to keep 5, 000 workers with a reduced working time and fixed pay. All stakeholders involved say that it would be more economically and socially sustainable to accept this model rather than exposing an entire region to massive unemployment and economic recession (Schmidt and Williams, 2002). To some extent, what Royal Mail suffered now is similar with that of Volkswagen, which means the balance between cost reduction and workers redundancy. Fortunately, Volkswagen eased the contradictions through the model. Similarly, according to the different status and relative position in the industry, Royal Mail could also extricate itself from the current dilemma learning from the Volkswagen’s experience.

Due to the outstanding disputes, an immense amount of hard work is going to be needed to hammer out the final agreement. Advisory, Conciliation and Arbitration Service (ACAS) play an appropriate independent role in overseeing the negotiations of both sides as a third-party arbitration in order to ensure that the moral rights of both employers and employees, or management and unions, are identified and respected. With its support, the solutions can be negotiated which will lead to peace, social justice and stability being maintained or swiftly restored (McEwan, 2001).

Conclusion

There is a controversy over the employment relationship. However, the employee’s main moral duty is to work toward the goals of the corporation

and avoid any activities that might harm those goals while the employer needs to guarantee the proper and legitimate right of the employee in order to maintain the normal operation of the corporation. To some extent, what they do should be on the basis of the corporation's interest. Any drastic actions could only damage the reputation of the corporation, worsen the mutual relations and lead to a bad financial performance at the end. Neither of them could obtain benefits from the strike actions.

Nowadays, the industrial crisis of Royal Mail has subsided temporarily, the conflicts of interests between employees and employers behind have to appear inevitably in the public. The managers could not avoid the issue any longer and the positive approaches are of great urgency to solve the issue, in case that the situation will get worse.

Additionally, there are some limitations of the essay since the relevant statistics and information come from various media, which might lack reliability and objectivity. Meanwhile, the propositional approaches appear to be idealized without the characteristics of the corporation itself. Meanwhile, since the industrial dispute of Royal Mail has been suffering for a long period, there might be some other influenced factors involving politics, economy and culture that result in the current severe situation. The essay is just on the basis of the relationship between employees and employers to analyze and identify the main problem of the dispute.