

# IB Business Management HL

## 2.7 Industrial Relations

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## Sources of Conflict with Employees

### Sources of Conflict with Employees

- Conflict at **all levels** in the workplace can arise as a result of **differences in goals, values, personalities or communication styles**
- It can **occur at all levels** within a business

### Reasons for Conflict in the Workplace

Inadequate Leadership & Communication	Power Struggles	Relationships
<ul style="list-style-type: none"> <li>• Poor management or leadership styles</li> <li>• Lack of support from supervisors</li> <li>• Differences in communication styles</li> </ul>	<ul style="list-style-type: none"> <li>• Struggles for influence/authority</li> <li>• Competition for limited resources or promotions</li> <li>• Budget constraints leading to tension</li> <li>• Pressure to outperform colleagues</li> </ul>	<ul style="list-style-type: none"> <li>• Personality clashes</li> <li>• Incompatible work styles</li> <li>• Personal biases or prejudices</li> <li>• Differences in cultural backgrounds</li> </ul>
Workplace Inequities	Stress & Role Ambiguity	Differences in Values and Goals
<ul style="list-style-type: none"> <li>• Perceived favouritism</li> <li>• Unequal distribution of resources/opportunities</li> <li>• Discrimination or harassment</li> <li>• Employees feeling undervalued/unrecognised</li> </ul>	<ul style="list-style-type: none"> <li>• High levels of pressure</li> <li>• Overworked employees with unrealistic expectations</li> <li>• Unclear job responsibilities</li> <li>• Lack of role definition leading to confusion</li> </ul>	<ul style="list-style-type: none"> <li>• Varied opinions on what is important or priorities</li> <li>• Conflicting personal or professional goals</li> <li>• Intolerance/inability to compromise</li> </ul>

- **Unresolved** workplace conflict can lead to a range of issues
  - **Lower productivity** as workers are distracted from the task at hand
  - **Reduce employee morale** as a result of anxiety/stress
  - Limit opportunities for **collaboration**
  - Create negative **workplace 'politics'** which can undermine business efficiency

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### Exam Tip

Conflict in a business **does not always lead to negative outcomes**

It can help to **solve problems** and encourages workers to **recognise differences in opinions and perceptions**

If it is **managed effectively** conflict can lead to **better outcomes in the future**

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## Approaches to Conflict



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### Employee Approaches to Conflict

- A trade union is an organisation whose **members come together to achieve common goals**
  - This may include better working conditions, wages and benefits
- Union members pay a **membership fee** and **elect representatives** to represent them in the employment relationship
- Trade unions can also give individual **advice** when employees have a problem at work
  - They also **lobby governments** to pass laws that favour employees such as improved health and safety regulations
- Approximately one third of British workers are represented by **trade unions**
  - In the UK the largest trade unions represent workers in the public sector and previously nationalised industries
    - Members of **Craft unions** share a specific skill or craft such as printing
    - **Industrial unions** recruit members from a particular industry such as education
    - **General unions** accept members from a range of manual industries such as manufacturing
    - **White collar unions** recruit non-manual workers such as those employed in banking
  - **Membership** of trade unions is generally in **decline**
    - Government **legislation** has weakened their powers
    - Many economies have moved away from manufacturing
    - **Part-time** and **flexible workers** tend not to be unionised

### Examples of UK Trade Unions

	<p style="text-align: center;"><b>Communication Workers Union (CWU)</b></p> <ul style="list-style-type: none"> <li>• For people working for telephone, cable, digital subscriber line and postal delivery companies</li> </ul>
	<p style="text-align: center;"><b>National Education Union (NEU)</b></p> <ul style="list-style-type: none"> <li>• For school teachers, further education lecturers, education support staff and teaching assistants</li> </ul>

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	<p><b>Associated Society of Locomotive Engineers and Firemen (ASLEF)</b></p> <ul style="list-style-type: none"> <li>For drivers of trains including services such as the London Underground</li> </ul>
	<p><b>Public &amp; Commercial Services Union (PCS)</b></p> <ul style="list-style-type: none"> <li>For workers in UK government departments and other public bodies</li> </ul>

- Trade unions **negotiate with employers to improve terms and conditions** of employment for workers
  - Improved pay
  - Increases in paid holidays
  - Reduced hours of work
  - Sufficient rest breaks
  - Improved training and development
  - Better facilities
- Trade unions can use a range of **approaches to resolve conflict in the workplace**
  - Collective bargaining
  - Work-to-rule
  - Go-slow
  - Strike action

## Collective Bargaining

- A process where trade unions negotiate with employers to reach agreements on terms and conditions of employment
  - It is a structured way for employers and employees to come to a **mutually acceptable agreement**
  - Trade unions have **greater negotiating power** than individual employees
  - Negotiations typically cover a range of issues including wages, working hours, benefits and workplace conditions

## A Diagram that Shows the Collective Bargaining Process



The collective bargaining process typically involves negotiation, representation, agreement and enforcement

### • Negotiation

- **Representatives** of employees and employers **come together to discuss and negotiate** the terms of employment
- This can involve a series of **meetings** and discussions

### • Representation

- Employees are represented by a trade union representative during the bargaining process

- Employers may be represented by their management or human resources team

## • Agreement

- The goal of collective bargaining is to reach a **collective bargaining agreement**
- This is a **legally binding** document that determines the employment relationship for a specified period

## • Enforcement

- Both parties **must adhere** to the terms of the agreement
- If further disputes arise tools such as mediation and arbitration can be used

## Other Forms of Trade Union Action

Industrial Action	Explanation	Example
Work-to-Rule	<ul style="list-style-type: none"> <li>• Workers <b>adhere strictly to their terms of employment</b> <ul style="list-style-type: none"> <li>◦ <b>Complete only tasks explicitly stated</b> in the contract of employment</li> <li>◦ <b>Goodwill</b> is withdrawn <ul style="list-style-type: none"> <li>▪ Work begins and ends at times stated in the contract</li> <li>▪ Staff refuse to cover for absent colleagues</li> </ul> </li> <li>◦ Reduces <b>productivity</b> or <b>delays production</b> whilst making it difficult for the employer to take disciplinary action</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The UK's NASUWT union has instructed its members in schools and colleges to work to rule</li> <li>• This includes refusing to carry out extracurricular activities, midday supervision and work during lunch breaks</li> <li>• The union is campaigning for improved funding for schools and pay increases for staff</li> </ul>
Go-Slow	<ul style="list-style-type: none"> <li>• Employees <b>work at a deliberately slow pace</b> whilst remaining within the terms of their contract of employment <ul style="list-style-type: none"> <li>◦ <b>Overtime</b> is refused</li> <li>◦ <b>Urgency to meet deadlines</b> is ignored</li> <li>◦ The employer <b>cannot reasonably discipline</b> employees</li> </ul> </li> <li>• The aim is to <b>disrupt production during periods of high demand</b> or cause <b>inconvenience</b></li> </ul>	<ul style="list-style-type: none"> <li>• The St. Maarten School Bus Owners Association decided upon a go-slow in delivering and picking up children from school on the small Caribbean island</li> <li>• The action was intended to put pressure on the Minister of Education to improve bus drivers' pay and conditions</li> </ul>

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<b>Strike Action</b>	<ul style="list-style-type: none"><li>Workers collectively <b>refuse to work</b><ul style="list-style-type: none"><li>They are <b>not paid</b> when taking strike action</li><li>Action may take place <b>continuously</b> or on <b>specified days</b> of work</li></ul></li><li>Strike action is normally legal if a successful ballot of trade union members finds a <b>majority in favour</b> of taking such action<ul style="list-style-type: none"><li><b>Changes in law</b> in many countries have <b>reduced the ability of workers to take strike action</b></li></ul></li><li>This is an <b>extreme form of industrial action</b> intended to <b>force an agreement</b> with management</li></ul>	<ul style="list-style-type: none"><li>Two of the biggest unions representing French ski resort workers called for unlimited strike action during the height of the 2023 ski season</li><li>The intention was to disrupt operations during the peak tourist season to achieve pension reforms, better pay and improved working conditions</li></ul>
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## Staff Associations

- Operate **within a single organisation** to liaise with management on issues related to employment conditions
- Less powerful** than trade unions
- Issues are **relevant to the particular workforce**



## Employer Approaches to Conflict

- Resolving conflict in the workplace is of great important to business owners
- Organisations may **resolve conflicts in-house** using highly-skilled senior leaders
- Alternatively it may use external specialists such as **management consultancies** or align with **employer' associations**

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### Internal and External Conflict Resolution

Approach	Explanation	Example
<b>Resolve conflicts in-house</b>	<ul style="list-style-type: none"> <li><b>Senior leaders</b> with HR skills form a negotiation team</li> <li>This team is <b>empowered to act on behalf of the business</b> in reaching a <b>mutually acceptable agreement</b> with employees or their representatives</li> </ul>	<ul style="list-style-type: none"> <li>In July 2023 senior managers at Royal Mail agreed a deal with the Communication Workers' Union (CWU) covering pay and working conditions following a long-running dispute</li> </ul>
<b>Use a specialist HR Management Consultancy</b>	<ul style="list-style-type: none"> <li>Specialist businesses are <b>employed to manage aspects of HR</b> such as conflict resolution</li> <li>In some cases these are long-term HR outsourcing arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Loch Associates Group provide a wide range of HR services to businesses in the UK</li> <li>This includes conflict management services such as mediation</li> </ul>
<b>Work with an Employers' Association</b>	<ul style="list-style-type: none"> <li>Organisations that represent the <b>interests and views of employers</b> within a particular industry</li> <li>They can <b>negotiate with trade unions</b> on a national scale and <b>lobby government</b> for favourable change within the industry</li> </ul>	<ul style="list-style-type: none"> <li>The Federation of Master Builders (FMB) is currently lobbying the UK government to tackle skills shortages in the construction sector</li> </ul>

- Businesses have a **range of tools** they (or their representatives) can use to resolve workplace conflict

## Collective Bargaining

- Where **employers or their representatives negotiate with employees' trade unions** to reach agreements on terms and conditions of employment



- It is a structured way for employers and employees to come to a **mutually acceptable agreement**
  - Employers use **negotiating techniques** such as **deadlines** or **reducing concessions as disputes continue**
  - Negotiations typically cover a range of issues including wages, working hours, benefits and workplace conditions
- Further information on Collective Bargaining can be found [here](#)

## Threat of Redundancies

- The **threat of job losses** can be used as a powerful tool to persuade trade unions or employees to end industrial action
  - Trade unions may be more **willing to compromise** if the alternative is members losing their jobs
- In August 2023 large-scale redundancy threats helped to bring about a swift settlement to a dispute between British Airways and the Unite union over employee pay and conditions

## Changes to Contracts of Employment

- Employers can, in some circumstances, make changes to terms and conditions of employment
- The use of **fixed term contracts** can support this - workers may not be re-employed if they dispute changes
- Trade unions may become involved in larger-scale negotiations

## Threat of Closure

- In extreme cases businesses may choose to **threaten to close the business** rather than concede to employees' demands
- This can be a **powerful persuasive tool**
  - **Employees are not generally paid** during periods of closure
  - Permanent closure means **workers are made redundant**

## Lockouts

- Lockouts are another **extreme measure** taken during a period of dispute
- Employees are prevented from entering the workplace
  - Security guards are often employed or premises access codes changed
- During the period of lockout **employees do not receive any pay**
- Lockouts are used to **pressure workers to defy trade union instructions** and return to work without concessions being made
- In 2012 contract negotiations between **American Crystal Sugar** and its workers' trade unions broke down
  - The business wanted workers to agree to higher payments for health coverage and increased outsourcing

- Its unionised workers refused to accept their demands
- Following a period of strike action the company locked them out and hired replacement workers on lower wages
- Workers gradually returned to work and, largely, accepted the employer's contractual changes

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## Conflict Resolution Processes

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### Resolving Conflicts

- Conflict resolution is the steps taken by **leaders and employees** (or their representatives) to **solve disagreements** in the workplace
  - Successful conflict resolution usually requires the needs of **both the business and its employees to be met**
  - There is a range of ways to resolve workplace conflict
    - Conciliation & arbitration
    - Employee participation
    - Industrial democracy
    - No-strike agreements
    - Single-union agreements

### Approaches to Conflict Resolution

Approach	Explanation	Example
Conciliation & Arbitration	<ul style="list-style-type: none"> <li>• <b>Conciliation</b> involves an independent mediator <b>supporting negotiation and compromise</b> between conflicting groups</li> <li>• <b>Arbitration</b> involves an independent mediator <b>making a decision</b> to resolve a dispute <b>on behalf of conflicting groups</b> <ul style="list-style-type: none"> <li>◦ <b>Non-binding</b> arbitration decisions can be accepted or ignored by conflicting parties</li> <li>◦ <b>Binding</b> arbitration decisions involve a compromise that must be accepted by both parties</li> <li>◦ <b>Pendulum</b> decisions are a binding decision that makes no compromise - they declare entirely for one party</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• In 2019 Prospect union and airports company <b>Hial</b> invited the Advisory, Conciliation and Arbitration Service (Acas) to conciliate in a pay dispute</li> <li>• Air traffic controllers increased pay demands were at odds with Hial's refusal to increase wage budgets</li> </ul>

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Employee Participation	<ul style="list-style-type: none"> <li>Employee participation involves <b>giving authority to workers to take on responsibilities</b> and have <b>some level of authority</b> in the organisation</li> <li>Examples include <b>teamwork</b>, suggestion schemes, quality circles and worker panels</li> </ul>	<ul style="list-style-type: none"> <li>Animation studio <b>Pixar</b> has a successful culture of collaboration which enables teams to work together on complex creative projects</li> <li>Employees are encouraged to share ideas, actively participate in the creative process and make decisions</li> </ul>
Industrial Democracy	<ul style="list-style-type: none"> <li>Industrial democracy involves workers having <b>significant involvement in the decision-making</b> process</li> <li>Worker-owned businesses and worker co-operatives have strong commitments to industrial democracy</li> </ul>	<ul style="list-style-type: none"> <li>Workers at the UK's <b>John Lewis Partnership</b> influence how the business is run through their elected representatives in local forums</li> <li>Staff, known as partners, also receive a generous share of business profits</li> </ul>
No-strike Agreements	<ul style="list-style-type: none"> <li>An agreement with trade union members <b>not to take strike action</b> when workplace conflict arises</li> <li>These agreements can improve the reputation of a trade union <ul style="list-style-type: none"> <li>Builds trust and increases the likelihood of businesses being willing to negotiate</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>An "Olympic truce" was declared following meetings between unions including the National Syndicate of Air Traffic Controllers (SNCTA) and the <b>French Directorate General of Civil Aviation</b></li> <li>Despite ongoing conflict French air traffic controllers' unions agreed that no strike action would take place until after the 2024 Olympics in Paris</li> </ul>

<b>Single-union Agreements</b>	<ul style="list-style-type: none"><li>• A business agrees to <b>negotiate with one, rather than multiple, trade union organisations</b> to resolve conflict</li></ul>	<ul style="list-style-type: none"><li>• After refusing for many years <b>Starbucks</b> started, in 2023, to negotiate with the Starbucks Workers United union</li><li>• Early agreements include a \$20 per hour starting wage, a 32-hour minimum working week for full-time employees and credit card staff tipping at all stores</li></ul>
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