

Approaches to conflict resolution in the workplace

Conflict resolution involves actions taken to reduce tensions and manage conflict in the workplace. Before employees or employers take potentially damaging industrial action, they can try a number of approaches to avoid conflict.



Figure 1. Communication is key to conflict resolution.

Credit: LaylaBird, Getty Images

Common methods of conflict avoidance include:

- **Employee participation and industrial democracy.** These involve workers making decisions and sharing responsibility and authority in the workplace. This is often referred to as ‘team working’; workers can participate in running the business. They may have ownership over the means of production (producer cooperatives), have a seat on the company’s board, own shares or simply work in autonomous groups, all of which involve having some form of decision-making authority.

- **No-strike agreements**. Many unions include a no-strike clause in their contracts to combat negative publicity from stoppages. This means precisely what it says: workers will not strike. No-strike agreements are usually made once an agreement has been made with management, for example to keep pay in line with inflation, or to refer all disputes to an arbitration panel.
- **Single union agreements**. These are agreements whereby the employer will only negotiate with a single recognised labour union. This minimises disruption and conflict that might be caused by dealing with multiple unions, as different unions may have different objectives. Under a single union agreement, that union represents the workers, and the employer only deals with the one union.

Table 1 summarises the strengths and weaknesses of these methods of avoiding conflict.

Table 1. Strengths and weaknesses of conflict avoidance methods.

| Method of conflict avoidance | Strengths | Weaknesses |
|------------------------------|-----------|------------|
|------------------------------|-----------|------------|

| Method of conflict avoidance | Strengths | Weaknesses |
|--|---|--|
| Employee participation and industrial democracy | <p>Employees may feel more motivated and empowered. (This links to Section 2.4 (/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39054).) Employees may feel a greater sense of belonging and may have better job satisfaction if their input is valued and considered. This is a powerful non-financial motivator.</p> <p>It is linked to a democratic leadership model (Section 2.3 (/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39392)) and can result in greater constructive input from staff members, who may contribute effective ideas and improvements for the organisation.</p> <p>Organisations with greater employee participation tend to have fewer strikes, less conflict and often see a reduction in labour turnover.</p> | <p>Democratic systems with greater employee input could delay decision-making, which may be a competitive disadvantage in fast-moving industries.</p> <p>Employees may not agree on a strategic direction or consensus, which may create issues between workers.</p> <p>Management expertise may be overlooked or ignored in favour of the collective decision-making of the whole staff body.</p> |

| Method of conflict avoidance | Strengths | Weaknesses |
|-------------------------------|---|---|
| No-strike agreement | <p>This reduces the risk of disruption caused by strike action. It will help to avoid any issues of production being halted by striking staff.</p> <p>It also reduces the possible risks of poor public relations created as a result of strike action.</p> | <p>This may limit the impact or bargaining power of the union. It may also reduce the union membership over time and weaken labour power.</p> <p>Employers may use their power and force to coerce unions into signing a no-strike agreement in favour of certain agreements that may be less favourable than what could have been achieved if strike action was an option.</p> |
| Single union agreement | <p>This avoids wasting time negotiating with and managing multiple unions that represent employee groups. It also avoids rivalry between unions to negotiate better pay for members.</p> | <p>Some workers may feel the union that is doing the negotiating is ineffective in defending their interests.</p> <p>It may limit the union's power to interfere with management functions.</p> |

If such actions fail to avoid conflict or indeed lead to increased tension, then there are strategies that can be used to resolve conflict. The two main methods of conflict resolution are conciliation and arbitration:

- In conciliation, a third party acts as a go-between and attempts to listen the demands of both sides, relay those demands to each party and then, through negotiation, reach a compromise that is satisfactory to both parties.
- Arbitration is similar, but different in one important respect: both parties agree beforehand that they will abide by the third party’s decision. You can think of the arbitrator as someone who is acting like a judge, listening to both sides, weighing the evidence and then rendering a decision. The decision by the arbitrator is legally binding and both parties must do what has been decreed by the arbitrator.

In both of these processes, employers and employees agree to have a third party come in to resolve the discord between them.

Table 2 summarises some of the strengths and weaknesses of these two methods of conflict resolution.

| Table 2. Strength and weaknesses of conflict resolution methods. | | |
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| Method of conflict resolution | Strengths | Weaknesses |
| Conciliation | <p>The privacy of the parties is preserved, so there is no risk to reputation.</p> <p>The conciliator is normally a legal expert in the disputed area.</p> | <p>There is no legally binding obligation to observe the agreements made.</p> <p>There is no guarantee that such action will result in a favourable outcome or will necessarily resolve the dispute.</p> |

| Method of conflict resolution | Strengths | Weaknesses |
|-------------------------------|--|---|
| Arbitration | <p>This method is much cheaper and quicker than a lengthy court battle.</p> <p>Parties have greater control over the conflict resolution process.</p> <p>The arbitrator is selected by the parties and will usually be someone with expertise in the matter.</p> | <p>The final decision is made at the discretion of the arbitrator, which may leave room for bias.</p> <p>It is not possible to appeal the final decision.</p> |

Exam tip

You should be able to analyse different methods of conflict resolution. A question may ask you to compare and contrast the effectiveness of different methods of conflict resolution.

Depending on the situation, a manager or leader may adopt different styles in order to solve the problem. In [Subtopic 2.3 \(/study/app/y12-business-management-a-hl-may-2024/sid-351-cid-174702/book/the-big-picture-id-39392\)](#), you learned about the situational leader, who responds to the situation and employees' different strategies to achieve an outcome.

Approaches to conflict management are similar. Each situation may necessitate a different style of conflict resolution depending on the context. If time is of the essence, then forcing outcomes may be the only option. If it is not a high stakes decision, and is of little importance in the grand scheme of work objectives, accommodating the request may be the best move. When there is an important decision to be reached that involves a lot of people and their work, collaboration may be the best way forward. As a general rule, the more important the issue, the more likely it is that you would want to use collaboration.

Case study

Conflict resolution at Systemair

In 2021, the Turkish Union Birleşik Metal filed a complaint with the OECD (Organisation for Economic Cooperation and Development) against Swedish multinational company Systemair, a company producing ventilation equipment around the world. The issue is connected to Systemair's Turkish manufacturing subsidiary. Birleşik Metal represents over 50% of the workers at the Turkish manufacturing facility.

The dispute was caused when local management at the manufacturing subsidiary refused to engage with the union, and instead opted to use the COVID-19 pandemic as an excuse to place staff on unpaid leave. Systemair claims that all of its strategic suppliers (including its Turkish manufacturing facility) comply with the company's code of conduct when making decisions impacting labour. Yet when some workers decided to support terminated workers who were protesting, they were fired by the local management. The company has recruited new workers to replace the unionised workers placed on unpaid leave.

The communication between local management and the union has broken down and neither party has managed to engage in constructive dialogue.

(Source: IndustriALL Global Union (<https://www.industrialall-union.org/swedish-systemair-union-busting-in-turkey>))

Questions

1. Define the term trade union [2 marks]
2. Explain **two** approaches to conflict resolution that could be used to end the dispute. [4 marks]