WAGE AGREEMENT' case study solution

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Short Description
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In union-management relations collective bargaining is essentially a power relationship. It is through the implied and actual use of power that parties are compelled to resolve their conflicts and this was also true when Pioneer Plastics Ltd. (PPL) management started negotiations with Amalgamated Plastic Workers Union (APWU) for renewal of a wage agreement. PPL is a small-size industrial unit and had been in existence for over 30 years. Sudar Singh, the new Managing Director, was surprised at the list of demands by APWU's Secretary Ali Ahmed, a non-employee, and hs tenacity for firm stand. Throughout the six-hour session Ahmed exhibited his strength as a great organiser of workers.

Three years ago, PPL had embarked on a new strategy of producing large size containers to meet the demands of expanding edible oil market and has plans for developing new industrial products, and because of this the number of employees had doubled during the last four years, to about 120. Recently many more manufacturers had come in the market offering better product at less price and this led to declining profits and apprehensions about the success of new products ventures. The expansion of work force had added several few faces and they enlisted as members of APWU which was to champion their cause, even when the fortune of the enterprise were not that bright.

The three main demands put on behalf of APWU by Ali Ahmed and managements views on them were :

1. A four-year agreement with 30% wage-hike during the first year followed by 12% each year during the subsequent period. As in the past Singh had offered 8% wage-hike each year which he thought was the average rise in the cost of living index.

2. Dental Health Plan was to be included in the medical benefits including cost of dentures. This was considered necessary for health of the employees who were unable to eat well because of dental troubles.

3. Reintroduction of service pins - PPL had started as a tiny industrial enterprise, with devoted employees and it had encouraged loyalty by awarding 24 carat gold pins of different size to employees who had put in 5, 10, 15, and 20 years service. Because of steep rise in gold price and declining profits Singh proposed that instead of 24 carat pins 14 carat pins be given to employees who put in over 20 years service. Ahmed had re-acted sharply to this and wanted all these matters to be decided by resorting to strike. He time and again hinted that the entire workforce of 120 men were with him. During a private meeting between Singh and Ahmed, it was suggested by Ahmed that he was personally against a strike, but the workers were really exercised over the three demands. Additionally the Central Union APWU had sent signals for embarking on strike unless the demands were fully met. The situation caused considerable anxiety to Singh, because the existing wage agreement was valid for 30 days only. However Singh and Ali had the first private meeting, when Ali appeared to appreciate the problems of management: as an individual.

Questions :

(a) What information Singh needs to prepare for the next session with APWU?

(b) What past practive of poor relations can you identify?

(c) What strategy or strategies would you suggest Singh to use ? Should he 'take a strike' or try to avert it, why?

(d) What could be done to develop more effective labour relations on a long-term basis?

Details

1. **Case study solved answers**

2. **pdf/word in 24-48 hrs**

3. **Fully Solved with answers**