

Handouts

Handout 1. The situation

The scene is a company meeting, between employers and employees and the trade union (TU), who are deadlocked in an attempt to come to an agreement over a wage claim.

The factory operates 24 hours a day, 365 days a year. It has a total workforce of one thousand, from production to the management. All workers are members of the trade union.

The company is currently experiencing financial and economic difficulties, but it is not actually facing bankruptcy. Profits have remained high but they declined last year as the sector as a whole is facing a downturn. Over the past three years wages have fallen by 3% in real terms and staff numbers have declined by 10%.

The workers are demanding a wage rise in line with rises in other sectors of industry.

Management has indicated that staff reductions will be necessary in order to pay for any wage rise. Their proposal is:

- A 4% wage rise in ordinary wage rates over 12 months on individuals' contracts (inflation is currently 2% per annum).
- Payment on the basis of hours worked annually, rather than daily or weekly hours and the abolition of overtime working.
- Staff cuts (10% of staff – mainly part-time, temporary positions and apprenticeships – following the rule “last in, first out”) and voluntary redundancies.

The management proposal was rejected by the general assembly of workers who were concerned that the proposals would leave them far worse off (at the moment 40% of employees receive a significant part of their pay in overtime payments). The TU and the employees made a counter-proposal to the management:

- Increase of 9% in wages over two years
- Overtime and bonuses be kept in place
- Current staff numbers be retained and any employee who is forced into redundancy be retrained at the company's expense.
- If demands are not met, strike action will be taken.

The counter-proposal was refused by the management, who claimed that the TU and employees' suggestions would not solve the problems that the company is facing.

The negotiations have been going on for two months now.

It is company policy that when agreement can not be reached within a two-month period, then a special meeting should be called involving all parties concerned. It is this meeting that is the basis of the simulation. Both sides are required to come with a new proposal that is a realistic basis for coming to a mutually satisfactory agreement.

There should be a total of five people around the negotiating table: two management representatives, one chair of the meeting (appointed by the employers) and two TU representatives. Because it is a special general meeting, all employees are welcome to attend.