

## 2.7 d) Approaches to conflict resolution (HL only) (AO3)



*"For good ideas and true innovation, you need human interaction, conflict, argument, debate."*  
- Professor Margaret Heffernan (b. 1955), American entrepreneur, CEO, and academic

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**Conflict** refers to the mutually exclusive and incompatible interests of different stakeholder groups. If this is not managed, conflict usually leads to protracted disagreements, disputes and arguments in the workplace. Conflict is, however, common in the workplace. Conflict can often result from or result in resistance to change, thereby preventing businesses from meeting their **business objectives**.

Conflict management is an important skill that can be very powerful in helping an organization to achieve its goals. Conflict management and conflict resolution are important in order to protect professional relationships at work, to improve effective communications, and to improve labour productivity. Hence, conflict resolution acts in the best interest of both employees and employers in the organization.

The four methods of conflict resolution specified in the Business Management guide are:

- **Conciliation and arbitration**
- **Employee participation and industrial democracy**
- **No-strike agreement**
- **Single-union agreement**

## Exam context

Approaches to conflict resolution were assessed in the extended response question of the May 2024 exam session as part of Paper 2 (Airport Services) for HL candidates - see Question 5(e) of the exam paper.

### Conciliation and arbitration (AO3)



*“One of the hardest things in this world is to admit you are wrong. And nothing is more helpful in resolving a situation than its frank admission.”*

- Benjamin Disraeli (1804 - 1881), former Prime Minister of the UK

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**Conciliation** is the process of using a mediator to help facilitate negotiations during the conflict resolution process. An independent mediator (or judge) meets each party separately (such as the representatives of the employees and the employer), and helps resolve their differences. The conciliator encourages both parties to compromise and agree to a mutually beneficial outcome. Neither side is legally bound to the mediator in conciliation, unlike in arbitration. If the conflict situation is not resolved through conciliation, it can then go to arbitration.

**Arbitration** is an extension of conciliation. However, it involves using an independent arbitrator who decides on the most appropriate outcome after considering the demands of both parties in the conflict situation. These parties agree to be legally bound by the decision made by the independent arbitrator.

Conciliation and arbitration can help both parties to avoid the high costs of settling matters in a court of law. Whilst conciliation is generally a cheaper and simpler process, conflict situations may not get resolved so still require arbitration. Both conciliation and arbitration can consume a lot of time and money, even if employer representatives are used.

## Employee participation and industrial democracy (AO3)



*"If you have learned how to disagree without being disagreeable, then you have discovered the secret of getting along, whether it be business, family relations, or life itself."*

- Bernard C. Meltzer (1916 - 1998), American radio host

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**Industrial democracy** refers to the involvement of employees in the decision-making process, as their views are important in considering the strategic direction of the organization. It involves listening to the views of employees before decisions are made. **Employee participation** means that workers are given responsibilities and autonomy to do their jobs. It also involves empowering workers, so they gain a sense of ownership, to complete their jobs.

Some **motivation theorists** (such as Maslow and Herzberg) suggest that employee participation helps to improve staff morale and therefore labour productivity. This is because the workers feel they are respected and valued. Empowering employees through employee participation and industrial democracy enables workers to be part of the decision-making process; ownership creates a sense of belonging and harmony in the workplace.

Employee participation and industrial democracy are therefore likely to improve industrial relations in the organization. Employees become part of the decision-making process, thereby creating a harmonious and productive working environment. For example, team working allows employees to solve problems together. Employers can benefit from a participative workforce and improved industrial relations.

## No-strike agreement (AO3)



*"Conflict is inevitable, but combat is optional."*

- Max Lucado (b. 1955), American author and Minister

As the name suggests, a **no-strike agreement** is a promise from the employee representatives that its members will not resort to strike action as a method of industrial action. However, such an agreement also requires the employer representatives to keep to their pledge in the agreement to resolve matters of industrial unrest.

As strike action is a rather extreme and hostile approach to settling disagreements and conflicts, a no-strike policy helps both parties to avoid such extreme measures to resolving conflict. If members choose to go against the agreement and take strike action, the employer has the legal right to discipline these employees, which could result in job losses.

## Single-union agreement (AO3)



*"Unity is strength, division is weakness."*  
- Swahili Proverb

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A **single-union agreement** describes the arrangement whereby the employer's representative conducts negotiations with one main trade union, rather than several / multiple labour unions. As the employer only has to deal with one major trade union that represents all employees (even if multiple other, smaller unions exist), negotiations tend to be smoother and more efficient.

Such an agreement also helps to simplify the collective bargaining process and speeds up the negotiation process. This can be somewhat of a problem if workers within the same organization belong to different labour unions, especially if different unions may have different objectives.

Nevertheless, the benefit of a single-union agreement is that employer representatives negotiate with just one labour union, which should represent all employees in the organization irrespective of their membership. Ultimately, this helps to make the decision-making process more efficient.

### Top tip!



Critical thinking is an important skill in IB DP Business Management. Whilst this section of the syllabus states five methods of conflict resolution, reflective and critical thinkers will be able to make the connections with other areas of the syllabus.

For example, **Unit 2.4** (Motivation and demotivation) mentions the use of *share ownership schemes* as a form of motivation. This can also act as an approach to conflict resolution by enabling workers to purchase shares in the company at a discounted price, which grants them part ownership of the business and aligns their interest in the firm's financial performance and success.

### Key terms

**Arbitration** is a method of conflict resolution used to resolve stakeholder conflict by considering the perspectives of all parties involved in the dispute. All stakeholder groups in conflict agree to accept the decision or judgment of the arbitrator.

**Compromise** is a method of conflict resolution that involves stakeholders deliberately making considerations for other stakeholders, despite their differences.

**Conciliation** is a method of conflict resolution that involves using a third party to align the incompatible interests of different stakeholder groups. Conciliators support both parties in a dispute to better understand each other's interests and needs, which can help to resolve stakeholder conflicts.

**Conflict** refers to the mutually exclusive and incompatible interests of different stakeholder groups.

**Employee participation** means that workers are given responsibilities and autonomy to do their jobs.

**Industrial democracy** refers to the involvement of employees in the decision-making process, as their views are important in considering the strategic direction of the organization.

A **no-strike agreement** is an approach to conflict resolution by employee representatives providing the promise that their members will not resort to strike action as a method of industrial action.

A **single-union agreement** is a method of conflict resolution that involves negotiations between the employer's representative and the (one) main trade union, rather than having to deal with multiple labour unions.

**Worker participation** (or **industrial democracy**) is a method of conflict resolution that involves employees having a direct say in how things are done in the workplace. This enables workers to have some degree of decision-making power, which can help to minimise potential conflict between employees and employers.