

Notes on Arbitration and Labor Conflict Prevention

Conflict Prevention in Planning Labor Redundancy: Advice from British Arbitrators

Britain has longer experience of privatization and private participation in infrastructure (PPI) than most countries, and so its distilled experience of good practice in dealing with labor issues is worth some attention. Britain's Arbitration, Conciliation and Advisory Service (ACAS), an official agency, issues advisory booklets on a number of issues. Its advice on handling redundancies includes the following suggestions about processes and procedures.

'Management is responsible for deciding the size and most efficient use of the workforce. By carefully developing a strategy for managing human resources, disruption to company performance can be minimized, job losses avoided or reduced and the process of change eased. Effective human resource planning can help to determine existing and future staffing needs. In turn this can lead to an improvement in job security for employees and to the avoidance of short-term solutions which are inconsistent with longer-term needs.'

'Management is advised to consult recognized trade unions or employee representatives about the staffing implications of any measures designed to improve efficiency. It is important to ensure that these are fully understood by all concerned and that uncertainty about future employment is minimized. Where they exist this could be done through a joint consultative committee, works council or other similarly representative body, to discuss such matters as staffing levels, company expansion or rationalization plans. Such a committee would normally meet regularly and consider information on the company's current performance, trading position and future plans to enable trade union or employee representatives to monitor the need for changes in the size of the labor force.'

'It is also good practice to provide appropriate information for individual employees. This is particularly important where there are no recognized trade union or employee representatives.'

Britain's ACAS also suggests:

'For employees and their trade unions, the advantage of an agreed procedure is that it will help to ensure fair treatment. An agreement giving details about retraining, transfers and redeployment demonstrates the company's commitment to continued employment and concern for the welfare of its employees. It is likely to reduce the fear of the unknown and increase the sense of stability and security of employment. It gives the trade union an opportunity to influence management policy by reaching an agreement on the measures to be followed to avoid or minimize redundancies.'

In addition:

'Any agreed change to a redundancy procedure should be made known to all employees and incorporated in the procedure. Agreement with trade union or employee representatives should be sought before there is any departure from an agreed procedure and, where possible, the procedure should specify the circumstances in which departure may be considered necessary. Where provision is made for the procedure to be applied flexibly to take account of changing economic circumstances, this should also be specified. the procedure should be reviewed from time to time to ensure that it is operating fairly.'

'Where an employer is seeking to effect redundancies on less advantageous terms than those that previously applied, the employer is strongly advised to obtain the agreement of individual, employees to the consequent changes in their contracts. Reliance cannot always be placed on a collective agreement with the trade unions to make these changes.'

(Source: 'Redundancy Handling', ACAS advisory booklet, London, 2001).

(Source: ACAS; see: www.acas.org.uk)