FEEDBACK TUTORIAL LETTER

1st SEMESTER 2019

ASSIGNMENT 2

ADVANCED INDUSTRIAL AND LABOUR RELATIONS

ILR811S
(a) You are required to discuss in detail, the meaning of conflict as you see it in the Namibian industrial relations context and the point of view of authors on the subject. Also describe characteristics features of conflict and its causes, as well as the different types of conflict.

1.1 Introduction - relevant

This discussion focuses on discussing the meaning of conflict, characteristic features of conflict, causes of conflict, different types of conflict, and thereafter a relevant conclusion is given. (2)

1.2 Meaning of conflict

✓ Conflict ever present in human behaviour and interactions
✓ In Collective Bargaining, the economic dimension is the foundation of conflict
✓ It is a form behaviour exhibited by parties to the employment relationship in competition over limited resources, perceptions differences, power and status
✓ Conflict more than actual observed behaviour
✓ Factors beneath the surface-underlying causes of conflict should receive more attention
✓ Conflict implies a break in cooperation between parties working towards a common goal (5)

1.3 Characteristic of features

✓ Conflict is inevitable in a relationship that involve two or more people
✓ The interaction is dynamic- changes constantly to accommodate changed input and environmental changes
✓ Conflict possesses a negative element because of its typical competitive nature of interaction, and because of its inability to divide the available means and resources equally
✓ Conflict could be a positive force in a group and is sometimes necessary for a group to function at its optimal level.
✓ Conflict shows negative emotional qualities and is linked to antagonism, aggression, threats, hostility and lack of cooperation
✓ Conflict can be communicated verbally or non-verbally (Nel et al., 2016, p. 274). (5)

1.4 Causes of conflict

✓ Lack of common objectives
✓ Different methods of pursuing objectives
✓ Different perceptions, values, interests and attitudes
✓ Information differences
✓ Semantic differences
✓ Blocked communication channels
✓ Group structure
✓ Divergent value structure (Nel et al., 2016, p.275-276)
✓ The relationship itself
✓ Wage disputes
✓ Scarcity of resources
✓ Goal incongruence
✓ Diversity
✓ Organisation structure
✓ Differing roles
✓ Unclear job descriptions (Venter and Levy, 2014, pp. 18-20; 454-455) (5)

1.5 Types of conflict
✓ Real conflict/ substantive conflict – shown by abnormal, deviant or aggressive behaviour; occurs when there is competition for scarce resources
✓ Perceived / felt conflict – obvious potential conflict an observer sees/ feels/senses; but is not real/ cannot be seen (latent conflict). The longer the relationship causing the perceived conflict, the more it is intensified and the greater the chances of it becoming real conflict.
✓ Constructive (functional) and destructive (dysfunctional) conflict – Destructive conflict seen as resulting from poor communication, lack of open-door policies/openness and lack of trust between management and employees; and failure of management to be responsive to the needs of employees/workers

Constructive conflict – interactive approach used / win-win approach result – conflict which is good and enhances and supports groups objectives and may improve performance.

Destructive conflict - result of win-lose approach – one party feels it has lost in the battle for scarce resources, status or recognition and may take it further with disastrous results. – a relatively satisfactory result in a competitive relationship based on compromise and commonality of interest.

✓ Frictional and strategic conflict – spontaneous result of interaction that takes place in the formal structure of an organisation; results from interactions between people with positions in an organisation (regarded as dysfunctional)

Strategic conflict – deliberately or consciously generated by people to manipulate allocation of resources, status, authority and power; used to strengthen individual’s position in a position – can improve a person’s bargaining or coercive power (Nel et al, 2016, pp.276-277). (5)

1.6 Conclusion
(Give relevant conclusion or summary of the learning points or highlights of the discussion). (3)
(b) Discuss theories such as the neo-classical micro-economic models of wage determination, the elasticity of demand for and supply of labour, and marginal product of labour as clearly as possible in your own words with clear Namibian examples.

2.1 Introduction

(Give clear and relevant introduction as shown in Question (a). (2)

2.2 Neo-classical micro-economic models of wage determination

✓ Wages are the price of labour
✓ In the absence of imperfections in the labour market, wages are determined by the laws of supply and demand
✓ In the labour market buyers and suppliers meet; supply and demand result in a price at which the market clears.
✓ Where the supply and demand curves meet (the equilibrium point), the price is at which labour will be sold is found. (Supply and demand are in balance.)
✓ Assumptions on how the market operates that further the above analysis:
  - Perfect competition – that every buyer and seller has perfect knowledge of the market
  - the sellers and buyers are able to communicate with each other instantly in real time
  - there are no other distortions around mobility, variations in knowledge, restrictive legislation and the like. (In reality many markets are imperfect/have distortions). Students are expected to draw the graph to aid the explanation (Venter and Levy, 2014. pp.136-137). (7)

2.3 Elasticity of demand for and supply of labour

✓ Explains how shifts in prices impacts the amount of commodity demanded or supplied
✓ If elasticity is high, a small change in price results in a large change in the amount demanded
✓ Where elasticity is low, a change in price will result in little change in the amount bought
✓ The above relates to possibility of substitution of one commodity for another
✓ If the price one brand of beer was to double overnight, people may go for the substitute to satisfy their needs/If no other beer is available on the market, no substitution would be possible-consumers would have to seek an alternative drink or continue to buy the brand they are used to at a higher price
✓ With regards to labour substitutability is between labour and capital (K/L)-capital-labour ratio
✓ K/L relates to proportions in which labour and capital are combined to produce goods
✓ Capital-intensive, more capital is used in production as compared to labour/ labour-intensive is the other way around.
✓ Marshall rules- the demand for labour is a derived demand, -meaning employer do not want to hire labour for its own sake but simply because there is a market demand for product which labour will produce.
✓ The demand of labour therefore relates to the demand of a product in a product market.
✓ Where product demand is high, demand for labour to produce product will be high.
✓ Demand for labour predicted to be more elastic:
  - the greater the substitutability between labour and capital, the greater the elasticity of
substitution.

- The more responsive the demand for a product, the larger the elasticity of demand for the product.
- The greater the share of labour costs in total costs, and the greater the responsiveness of capital to the price of capital, the larger the elasticity of the supply of capital.
- Demand for unskilled workers is relatively elastic owing to the ease of substitutability.
- Minimal changes in wages for unskilled labour will result in a relatively large change in the quantity demanded.
- Conversely, demand for highly skilled is relatively inelastic as a result of the difficulty experienced in replacing them.
- Relative cost of factors also used to determine proportions of labour to capital either consciously or subliminally (Venter and Levy, 2014, pp. 138-138). (7)

2.4 marginal product of labour

✓ This takes the previous discussion closer to the reality on the ground.
✓ An attempt is made to relate a company's demand for labour to its productivity (Marshall's concept of derived demand helps here.)
✓ There is need to understand the Law of Diminishing returns.
✓ The law of diminishing returns has a claim that when adding extra productive capacity/capability, output initially rises but at a diminishing rate, until it ultimately falls.
✓ (A Figure can be drawn to illustrate the above explanation (Venter and Levy, 2014, p. 140). (7)

2.5 Conclusion

(Give relevant conclusion giving the highlights of the discussion). (2)