

Chapter 19

Delivering Organizational Change in Partnership With Trade Unions: Interest-Based Negotiation (IBN) Strategies

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ABSTRACT

This case history offers an insiders' view of bringing about change in union bargaining within major New Zealand organizations. While unions play a pivotal role in the day-to-day bargaining of wages and workplace conditions, there has been a significant reduction in union density and membership. In this case, two union leaders narrate how a shift from traditional bargaining to interest-based negotiation enabled participation in organizational change decision-making, built trust in relationships, and increased union membership.

INTRODUCTION

This reflective case history from New Zealand presents evidence of change in a Trade Union's approach to bargaining with employers. In response to reduced union membership, two union change leaders (Mark and Paul¹) assert a shift in negotiation behaviour was required. Of the 2,454,300 employed people in New Zealand 1 in 5 employees belong to a trade union (Statistics New Zealand, 2016). There are 135 registered trade unions in New Zealand with 357,120 members, representing 17.7% of the total workforce (Companies Office, 2016). One of the biggest unions, *Omega Union*² (OU), represents members across industry sectors including wood and building, forestry, communication, food, transport, aviation, health, construction, mining, manufacturing, engineering and infrastructure, and energy. The two change

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leaders, Mark and Paul, speak about their role facilitating interest-based negotiation (IBN) strategies, contrary to traditional positional bargaining (TPB) previously practiced by OU during periods of initiated fast organizational change.

BACKGROUND

Interest Based Negotiation (IBN)

The model commonly referred to as interest-based negotiation (IBN) or integrative bargaining emerged from the work of Ury and Fisher (1981), which built on the work of Walton and McKersie (1965). The psychology underpinning integrative bargaining founded on Follett's (1940) research claimed that collaboration and reciprocity in relationships surfaced mutual interests during conflict management. Workplace conflict, its management, and its resolution, can be a trigger for significant organisational change (Helms & Oliver, 2015). The process of negotiating change influences relationships and substantive outcomes.

The terms negotiation and bargaining are used interchangeably. However, classical negotiation theory has consistently claimed bargaining as a distributive, competitive, win/lose approach to disputes between labour, management and owners (Fisher, Ury, & Patton 1991; Jameson, 2001; Lewicki, Saunders, & Barry, 2010; Ury & Fisher, 1981; Walton & McKersie, 1965; Walton, Cutcher-Gershenfeld, & McKersie 2000). The 'distributive' approach to negotiation according to Ury and Fisher (1981) was a competitive 'win/lose', positional or zero-sum strategy, where negotiators solely focused on competing to maximise their gains over a fixed resource where a gain for one negotiator left less for the other. They conceptualised this style of negotiation as 'positional bargaining' and claimed that such bargaining was destructive because it focused on the differences between the parties in negotiation and was likely to damage ongoing relationships. According to Fisher, Ury, and Patton (1991), distributive, positional approaches led to tactics such as walkouts, dirty tricks involving resistance to information exchange, avoidance of decision-making, thereby slowing down the bargaining phases and risking disagreement and unsatisfactory adversarial decision-making. When achieving settlement, the interests underpinning the negotiation may not be satisfied. There has been wide recognition of subsequent change in focus from rights to interests and relationships during negotiation highlighting a shift from thinking purely about one's own position during bargaining over substantive issues, toward negotiating both the relationship and the substantive issues. This contemporary focus of IBN is on problem solving, interdependency and transformation of relationships (Bingham, 2004; Bingham & Pitts 2002; Bush & Folger, 2005; Mayer, 2004; Moore, 2003; Walton et al., 2000).

During the IBN process, clear identification of party's interests that underpin a problem is important because unmet interests are barriers to agreement and fuel ongoing conflict. The identification of mutual interests can provide the impetus for creative problem solving and agreement. The problem solving approach to the resolution of employment relationship conflict embedded in the New Zealand Employment Relations Act 2000 by the promotion of mediation as the primary problem solving mechanism, has been studied (Greenwood, 2016; Morris, 2015; Rasmussen & Greenwood, 2014; Walker, 2009). However, there is a dearth of evidence about the adoption of a problem solving approach to negotiation between unions and employers.

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