

Kraft Foods' 2009 Conflict in Argentina: Turning-Point Analysis of a Labor–Management Negotiation

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Abstract

This article analyzes a 4-month-long labor dispute that unfolded in Argentina between Kraft Foods Argentina's (KFTA) management and its workers' union delegation at the firm's largest plant on account of the 2009 A(H1N1) influenza pandemic outbreak. This crisis included a siege of the firm's headquarters; the inception of a special labor–management negotiation process, a *mandatory conciliation*, issued by Argentina's Labor Ministry; a 150-worker layoff; the occupation of the firm's plant by 40 workers and their violent eviction by the provincial police force; the firm's threat to sell off all its assets; and a massive demonstration to pressure the U.S. Ambassador to Argentina. Eventually, the parties reached an agreement and signed *Act of Reconciliation* to end their conflict. To better understand its complex dynamics, we have used Druckman's turning-point framework—precipitants, departures, and consequences (Druckman, 1986, 2001; Druckman, Husbands, & Johnston, 1991) to examine KFTA's conflict. Our single-case study explores how negotiators managed their organizational conflict and demonstrates the usefulness of the turning-point framework to extract practical implications. This may help labor–management negotiators to avoid conflicts or to attain better, enduring agreements.

Overview

Kraft Foods (KFT), incorporated in the United States, is the world's second largest company, second only to Switzerland's Nestlé, in the *food and beverages* category. In April 1994, Nabisco acquired Terrabusi International, Inc., an Argentine family-owned business. In 2000, KFT's controlling corporation bought Nabisco; this acquisition led to the creation of a new company, Kraft Foods Argentina (KFTA), with its main production plant located in Pacheco, a suburb 38 km north of downtown Buenos Aires, the nation's capital.

Argentina's Food Industry Workers' Union (*Sindicato de Trabajadores de Industrias de la Alimentación*, STIA, in Spanish) is the only trade union recognized by the nation's government as legally authorized to represent workers in the cyclical labor–management negotiations—*collective bargaining* and *collective agreement*—with employers' organizations in the food and beverages industry. STIA's head since 1985, Rodolfo Daer, like most labor union leaders in Argentina, is a member of the *Peronist* party. From 1996 through 2000, he served as Secretary General at Argentina's *Confederación General del Trabajo* (CGT), the national league of unions that gathers more than 3,500 labor organizations, while keeping his position at the top of STIA's hierarchy.

Within STIA, Daer's leadership had been persistently challenged by a relatively small, yet relentless, group of non-*Peronist* members who are affiliated to several leftist parties. As part of their strategy to undermine Daer's authority, they started to perform ballots, at every major industrial plant, to elect sectional delegates—the lowest ranking representative stipulated in STIA's *Act of Constitution*—claiming that under Daer's leadership the STIA commenced to omit the inclusion of that rank in the elections' tickets with one deliberate purpose: to leave them vacant and, consequently, to hinder internal democracy (Atzeni & Ghigliani, 2007).

In accordance with STIA's *Act of Constitution*—Chapter VIII, Art. 66 para. d—sectional delegate's duties are limited to matters related to the day-to-day operations and include receiving and communicating to the area's supervisor individual claims, or special requests, regarding topics such as (a) disease, (b) accident, (c) vacation, (d) licenses and permits, (e) matters related to the collective bargaining agreement or other applicable law, (f) tools and individual security elements, and (g) time and individual work patterns. As all of Daer's opponents at KFTA's premises in Pacheco are STIA's full members, who qualify for being candidates, the sectional delegates elections are legitimate, and those who are elected, and the workers' internal commission that they constitute afterward, are recognized as such by both the Ministry of Labor and the employing firm (La Verdad Obrera, 2009; Ministerio de Trabajo, 1994, p. 60). Several firms have appealed before the labor tribunals about the legal status of sectional delegates, but different rulings confirmed that they are legitimate and that their recognition as labor representatives is compulsory; moreover, in those same cases, some claimant firms were sanctioned for anti-union practices (Oficina de Jurisprudencia, 2008).

Elections for sectional delegates started at Terrabusi's—now KFTA's—plant in 1993. Back then, the election's winners joined an 11-member workers' internal commission—the first since Daer imposed the hibernation of such rank's ballots—labeling themselves as *delegates* and acting as representatives of the rank and file along with other 14 persons who were elected as STIA's councilmen in the union's incomplete elections. As voting is not compulsory, only around 30% of KFTA's Pacheco plant personnel takes part in each of the ballots. Most of the time, delegates and councilmen are competitors who scramble for ways to prevail upon their fellow workers; frequently, the delegates' eagerness to confront with the firm's management leads both groups to collide, and only certain circumstances, usually involving very specific demands, may lead them to coalesce.

The epidemic outbreak of a previously unidentified strain of swine influenza, *A(H1N1)*, started in Mexico in late March 2009. On June 11, the World Health Organization raised the influenza pandemic alert from Phase 5 to Phase 6—the latter applies when the epidemic outbreak shows a sustained interpersonal virus spread in more than one region. At that point, the epidemic outbreak attained global sanitary crisis status. By June 26, 2009, 117 national governments had officially confirmed 309 deaths directly resulting from the infection; at that time, Argentina's Health Ministry reported that 26 people had died, adding that nearly 86% of the 1,373 people diagnosed with *A(H1N1)* in the country resided in Buenos Aires and its metropolitan area.

At 5:00 p.m. on June 30, KFTA's delegates submitted a note to the human resources manager, urging company management to grant a month-long paid leave, effective the next day, for all KFTA personnel—2,600 industrial workers, distributed in three 8-hour shifts, and 700 administrative employees (60% of the total were women under 40, and most of them had several children)—as the only suitable measure to prevent *A(H1N1)* contagion at plant premises. Senior corporate officials, present at that time in the administrative building—commonly known as *HQ*—considered the request and concluded that a paid leave was completely uncalled for, as all safety measures had already been taken. Shortly after that first meeting, the manager who had received the delegates' request phoned KFTA's president, who was abroad at the time, to report all the relevant information. Later that same evening, the delegates received a negative response to their request.

Three days later, on Friday, July 3, the delegates convened a number of their followers to protest at the gates of the *HQ* building in Pacheco. They showed up at 6:00 p.m. and remained there for 3 hour,

besieging the building's doors and preventing 70 administrative employees, who were inside HQ, from leaving the building to return to their homes. At 9:00 p.m., called in by management, a group of Buenos Aires Province Police officers forced the protesters to abandon KFTA's premises. Workers continued their demonstration on the street outside the plant, blocking the entrance for trucks. Immediately, KFTA's management filed a complaint with the Labor Ministry against the delegates and their followers for their actions in and outside the firm's premises. Very early the next day, before the Saturday's morning shift started at 6:00 a.m., the national labor authority ruled that the plant would remain closed during the weekend, reopening on Monday, July 6, for the morning shift. However, operations did not resume then, as the delegates and their followers blocked the gate once again. Early on Monday afternoon, KFTA's managers filed a new complaint with the Labor Ministry against the delegates' group. As per Argentine labor laws, government officials ordered both parties to start a mandatory conciliation process under their guidance.

This study has been organized as follows. After a brief overview of KFTA's conflict in Argentina, we review relevant literature and describe the methodological notions applied in our work. Next, we provide a concise outline of the legal and institutional architecture of labor-management relations in Argentina, followed by a brief commentary on KFTA's labor-management environment. Then we use the theoretical lens of Druckman's turning-point framework (Druckman, 1986, 2001; Druckman, Husbands, & Johnston, 1991) to look at KFTA's 2009 conflict and the mandatory conciliation process that followed it. Finally, in the last section, we discuss implications of the KFTA's case.

The Dark Side of Employment Relations

The search for the diverse forms and relations that link the wide scope of deliberate organizational purposes and actions with their actual outcomes started with Merton's (1936) concept of *unintended consequences*. Unforeseen results—both desirable and undesirable—have a few basic sources that preclude the consideration of further or other consequences of that same action. These sources are knowledge, including ignorance and error; actors' drive to pursue foreseen desirable consequences; the enjoinder of actions by basic values; and the influence that prediction exerts over the actual course of developments. Over the past three decades, some scantily explored ramifications of Merton's fertile conceptualization have awakened renewed academic interest.

No organization is free from incurring negative societal impacts as a result of mistakes, misconducts or even disasters; such organizational misbehavior and harmful outcomes are the basic elements of what has been identified as the dark side of organizations. Several factors prompt, in varying degrees, deviance in or by organizations: the environment where they operate, their individual structural processes and tasks, the cognitive mindsets of their members (Vaughn, 1999, 2005).

Organizational deviance encompasses deviant behavior at the workplace, stemming from an intricate relation between individuals and their organizational environment eliciting actions and behaviors that surpass—positively or not—explicit job requirements (Appelbaum, Iaconi, & Matousek, 2007; Bella, King, & Kailin, 2003), bearing an impact on the accomplishment of goals and overall organizational performance (Dunlop & Lee, 2004). The motives that underlie such behavior include personal perceptions on organizational fairness, justice, success, or failure, as well as beliefs about the causes of outcomes that prompt behavior and affect (Aselage & Eisenberger, 2003). Most employment relationships do not fulfill employees' personal expectations and desires; organizational events—such as downsizing, extensive use of contingent employment, corporate mergers, outsourcing, and offshore relocation of operations—impact employment relationships, as employees view them as breaches to long-established employment expectations (Johnson & O'Leary-Kelly, 2003).

Employee deviance has been defined as “voluntary behavior that violates significant organizational norms and threatens the well-being of the organization, and its members, or both” (Robinson & Bennett, 1995, p. 556). The various forms of employees' deviant conduct share a common underlying disregard for societal and organizational rules and values. There are two broad categories of misbehavior depending

on its target: (a) *interpersonal deviance*, consisting of acts with harmful purposes—such as spreading rumors, showing favoritism, backstabbing, sexual harassment, verbal abuse, and physical assault—directed against specific individuals, and (b) acts directed against the company or its systems, known as *organizational deviance*, which include absenteeism, lateness, withholding effort, theft, sabotage, and vandalism (Lawrence & Robinson, 2007; Lewin, Liippit, & White, 1939; Robinson & Bennett, 1995). In both variants, wrongdoers often believe that the mistreatment they receive justifies their retaliatory hostility (Furnham & Taylor, 2004; Judge, Scott, & Ilies, 2006; Penney & Spector, 2005).

Employment relations, like the organizations where they unfold, have a dark side that disregards interaction consequences. An underlying factor that hinders positive labor–management relations and elicits undesirable outcomes is that workers’ and managers’ basic perspectives on employment relations are at least partly contradictory in terms of what each party thinks about its relation in reference to ideology, power, conflict, processes, and trade unions as a whole. Three diverging frames of reference depict these fundamental interpretations: unitarism, pluralism, and radicalism or Marxism. The first of these perspectives interprets business organizations as well-defined commonalities of values, interests, and purposes that smoothly operate under senior management’s detailed guidance; thus, harmony is almost mandatory, and conflicts are viewed whether as the result of disruptive initiatives of agitators—who must be removed—or as the unintended outcomes of misunderstanding and bad management communication that should be unilaterally fixed by the managers.

The pluralist approach to employment relations, instead, acknowledges that business organizations, as well as the societies within which they operate, are receptacles of diverse groups of interests and beliefs, which need to be somehow harmonized to achieve their respective leading goals: the improvement of profits or performance or the betterment of salaries and working conditions (Ackers, 2011).

The third frame of reference, radicalism or Marxism, interprets business organizations as no more than an additional battlefield within the wider class-war environment that characterizes the capital–labor relationship. Radicals have critical views regarding all employment relations—which they deem tainted by power imbalances—that make them willing to engage in organizational conflicts every time the opportunity arises. Under this light, conflict is constant and inevitable, and the only viable way to break the status quo—sustained by a collusion between firms and ankylosed unions that prevents true workplace democracy—is by perpetuating social unrest (Perry, Sibley, & Duckitt, 2013; Wilton, 2010).

Organizational Conflict Management

Conflict arises in personal or organizational environments whenever one or more of three preconditions are present: “...a perception of goal incompatibility, the availability of resources—material and knowledge—required for goal accomplishment, and interdependent activities” (Schmidt & Kochan, 1972, p. 363).

There are five distinctive manners to engage with conflicts. One of them is *integrating*: This manner implies an open exchange of information and a thorough exploration of alternatives in search of common grounds on which a mutually satisfying agreement may be founded. A second way is *obliging*: Following it, one party attempts to satisfy the concern of the other party by minimizing differences and highlighting commonalities. A third attitude is *dominating*: This style prevails when one party seeks to fulfill her or his objectives with certain disregard for the other party’s needs and interests. *Avoiding* is another way to deal with conflicts: It consists in procrastinating a solution by setting aside both parties’ needs and interests; the fifth one, *compromising*, involves the exchange of reciprocal concessions—a *quid pro quo*—that allows the negotiating parties to reach a mutually satisfying agreement (Rahim, 2002; Van Boven & Thompson, 2003; Zartman, 2008). Undeterred by these guiding approaches, negotiators consider the convergence or divergence of interests, and each party’s set of goals, as the decisive factors that lead them to agree, stagnate, or completely disrupt negotiations (Zetik & Stuhlmacher, 2002).

Corporate managers and employees tend to regard conflict as a source of negative impact on organizations, but this perception has been contradicted by academic investigation and practical experience. In

fact, conflict is not unavoidably damaging for organizations, and it may even be the source of beneficial results, provided some environmental conditions as well as personal and group attitudes are handled cautiously (Jehn, 1995; Tjosvold, 2008).

Contradictory assessments on cognitive matters undergirding decisions—viewpoints, ideas, and opinions—characterize what the organizational conflict management literature labels as *task conflict*. Instead, interpersonal exchanges may be affected by nervousness, irritation, or hostility between group members; these emotional factors that may hamper individual or group interactions are known as *relationship conflict*. Finally, perceived differences over methods, roles, and resource allocations have been termed *process conflict* (Jehn, 1997).

Collaboration, contention, and avoidance are the typical responses to conflicts in the workplace; on the one hand, relationship conflicts may be thwarted by avoiding them, but it is not possible or beneficial to do so permanently (De Dreu, Harinck, & Van Vianen, 1999); on the other hand, postponing conflict emergence exacerbates difficulties, making their solution more unlikely and endangering interpersonal relations (Tjosvold, 2008). De Dreu and Weingart's (2003) meta-analysis—encompassing 30 empirical studies on intragroup conflicts—revealed that task conflicts' effects vary, depending on the characteristics of the matters involved and the influence exerted by relationship conflicts. These cross-links should prevent managers from intentionally building task conflicts to drive valuable outcomes, as this mechanism may fail to produce the expected results and may negatively impact affective factors among participants, sparking a relationship conflict.

De Dreu and Weingart's (2003) meta-analysis gave way to a new tide of studies; a number of them were dedicated to process conflicts—absent in their work. More recently, de Wit, Greer, and Jehn (2012) performed a new meta-analysis searching for an expanded and more precise explanation regarding the links between conflict and group performance; their work examined 116 empirical studies distinguishing the proximal (trust, group member satisfaction, commitment and affect) and distal group outcomes (such as its overall performance) that even considering several moderating factors, derive from relationship, task, and process conflicts. Their salient finding, in contrast with the results obtained by De Dreu and Weingart (2003), is the absence of “a strong and negative association between task conflict and group performance” (de Wit et al., 2012, p. 360). Notwithstanding, conflicts are not completely undesirable: They may prove to be an appropriate mechanism to investigate problems, create inventive solutions, learn from their experience, and enliven relationships (Kolb & Putnam, 1992).

Fiol, Pratt, and O'Connor's (2009) analysis on conflicts between interdependent groups in organizational settings explains that the divergence between contending groups' identities—how groups define themselves, and by contrast, the others—is a significant underlying cause that explains much of such conflicts tendency to evolve toward intractability—the overall index of protracted, inflexible, and apparently unsolvable disputes. One prominent labor–management case analyzed in their work reveals that the contending groups—United Airlines' pilots and management team—were incapable, for more than two decades, to develop a positive goal-oriented interdependence and to foster a complementary working relationship, both harmonic and unthreatening, without relinquishing each group's identity and set of interests. Such enduring incompetence was finally surpassed, by mid-December 2012, when the contenders signed their first, after the firm's 2010 merger with Continental Airlines, joint collective bargaining agreement (Air Line Pilots Association, International—ALPA, 2012).

Hence, participants of all sorts of organizations, even those engaged in seemingly intractable disputes, can curtail the negative effects of conflicts on their groups, by learning the methods and cultivating the attitudes that will enable them to handle intra- and intergroup divergences constructively. Otherwise, damages may run rampant. As De Dreu (2008) articulately put it, “organizations need cooperative conflict management not so much to bring about positive conflict, but rather to mitigate or prevent workplace conflict to hurt too much” (p. 6).

Turning Points in Negotiation

Labor–management negotiations may be viewed as peace talks in a microcosm. Following this analogy, the mandatory conciliation process may be assimilated to the negotiations conducted under a ceasefire ruled by the UN Security Council. Labor–management negotiations, like peace, trade, intellectual property, and product or service standards negotiations, are all subject to international regimes that supersede national legislations, with each of them ruled by a system of conventions overseen by a specific supranational authority—that is, the International Labor Organization, the UN Security Council, the World Trade Organization, the World Intellectual Property Organization, and the International Organization for Standardization (ISO).

Negotiations are processes that individuals perform whenever they need to attain one or more goals that they cannot achieve by their own means and actions (Lewicki, Saunders, & Minton, 1999). At different times during negotiations, negotiators adopted an integrative–collaborative or a distributive–confrontational approach as their dominant strategy (Walton & McKersie, 1965). For decades, academic researchers have been scrutinizing both negotiations and negotiators, either by prospective experimentation or by detailed, retrospective case studies. Four dominant approaches are used to probe the negotiation process: viewing it as a puzzle to be solved, as a bargaining game, as organizational management, or as diplomatic politics (Druckman, 1997).

To pursue their goals, negotiators repeatedly adjust their behavior in response to their counterparts' actions (Iklé & Leites, 1962) while simultaneously adapting to changes in the social context where the negotiation takes place. When an action or event modifies the direction of a negotiation, whether it may lead to an impasse or an agreement, it becomes a turning point. Often a turning point follows some sort of crisis that hinders the negotiation process (Druckman, 2001; Druckman & Olekalns, 2011; Druckman, Olekalns, & Smith, 2009).

A turning point is the result of a rather brusque disruption made by one of the negotiators or the impact caused by a salient, usually unexpected, change in the negotiation's context. In both cases, a turning point alters the process significantly and compels confronting parties to reassess the situation and to formulate a response. These changes that enable or block goal attainment lead negotiators to successively adapt their strategy to match their counterpart's reactions in a congruent and value-creating manner (Olekalns & Weingart, 2008). Every turning point has a *precipitant* as its cause and a *departure* as its immediate effect. To be identified as such, both need to steer the negotiation process toward or away from agreement. Precipitants are classified into three distinctive types. When a precipitant changes the structure or format of the negotiation, it is identified as *procedural*; when one or more negotiating parties introduce innovative ideas or concepts, it is a *substantive* precipitant. These two types are *internal precipitants*, and they may be the result of actions or decisions made by at least one of the negotiating parties. Precipitants unfolding outside the talks but having an impact on the negotiation's context—either in the political or economic scenario or leading to a third-party intervention—are deemed as *external* (Crump & Druckman, 2011).

Any kind of precipitant may lead to a *departure*—either an agreement, a major concession, a breakthrough (such as a reframing of the issues), or a setback, such as a halt in the talks (Crump & Druckman, 2011). If this departure drives negotiators closer to an agreement, it is labeled as *positive*; when it drives the negotiating parties away from accord, it is considered *negative* (Druckman et al., 2009). In all cases, to determine a turning point, precipitants need to lead to departures with evident *consequences* that bear an impact on the course of the negotiation process. These distinctions prove relevant because they facilitate the analytical review of both past individual cases and prospective *n*-number experiments, allowing practitioners to learn and to enhance their performance in future negotiations (Druckman et al., 1991).

Research Method

How and why does a labor–management negotiation—in this case, a mandatory conciliation stemming from an organizational conflict that escalated into a public dispute—fail to prevent severe economic and relational damages that inevitably block future collaboration between contending parties? To answer this question, we used a turning-point analysis, following Druckman’s method, to explore KFTA’s conflict and mandatory negotiation. By choosing this method, on account of its usefulness to extract important insights from complex processes, we are knowingly seeking to expand turning-point analysis utilization into academic research and experimentation on labor–management negotiations. We applied the case study method to KFTA’s 2009 conflict and subsequent labor–management negotiation, because it is the most appropriate means to address how and why questions regarding a set of facts (Yin, 2003).

We started gathering secondary information for what, at that point, was still a potential case study on KFTA’s conflict as soon as it became public. These efforts were inspired by one guiding impression: No matter how experienced negotiators are and how comprehensive legal mechanisms instituted to negotiate such confrontations may be, any labor–management conflict that leads to the simultaneous layoff of more than 150 workers would not be subdued easily—neither in Argentina nor elsewhere.

The news about the delegates’ first picket on the *Pan American Highway*, in Pacheco, was published by *La Nación* newspaper on Friday, August 21, in an article reporting that its cause was a publicly unnoticed labor–management conflict at KFTA (LA NACIÓN, 2009a). The first step in our research was to identify the parties involved in the conflict. Next, we started to study their previous interactions and their stances at that time. As we mentioned before, we gathered secondary data from several sources including (a) KFT; (b) KFTA; (c) *Trabajadores de Terrabusi* (an Internet site launched by supporters of the delegates’ group *Maoists* members); (d) *TVPTS* (an Internet site launched by supporters of the *Trotskyites* members in the delegates’ group)—by monitoring these currently active Internet sites, we were able to complete a chain of evidence with aspects of the confrontation that were missing in mass media reports—(e) several Argentine government agencies; and (f) both foreign and Argentine labor, industrial or governmental organizations.

To corroborate the accuracy and completeness of the secondary data we collected, we verified it regarding four basic aspects: (a) *authenticity*, by assessing authorship; (b) *credibility*, by controlling that documents were free from errors or distortions; (c) *representativeness*, by establishing whether a particular document exemplified a wider set of potentially relevant documents or not; and (d) *meaning*, by excluding documents with deficient clarity and comprehensibility, while considering both their intended and unintended meanings within the social context where they were produced (Scott, 1990).

In mid-March 2010, we contacted KFTA’s executive for corporate affairs by phone, and, after briefly explaining our intentions, we asked for a meeting. A few days later, we were told that the CEO had authorized the firm’s negotiators to cooperate with our case study. With help from KFTA’s managers, we arranged for a first meeting with the delegates’ leaders. Meeting with them outside company premises, we explained the scope and purpose of our research, reassuring them that our sole intention was to hear both parties’ views and to analyze their recollections, reflections, and feelings about the different phases in their severe disagreement. They also agreed to participate in our research. Notwithstanding our assurances that the identity of all respondents would remain anonymous in our report, every Labor Ministry official and STIA member whom we contacted declined to participate in our study in any way.

We met with each of the five members of both negotiating teams; only two members of each team personally participated in all the labor–management negotiations. Senior executives represented KFTA with responsibilities in the areas of institutional relations, public affairs and corporate communications, security, and human resources and organizational design. The meetings—two with each individual—were all held separately. The first round of interviews started in late March 2010, and the second one unfolded in August of that same year. Overall, 20 interviews were conducted. Each meeting lasted

between 60 and 90 minutes, with longer sessions involving both teams' members who participated in person throughout this labor-management negotiation, as we were particularly interested in their personal views and professional insights into the labor-management negotiation inner workings.

All our respondents were asked the same set of questions (Druckman, 2002) regarding several topics: (a) relations (intra- and intergroup, trust, and values); (b) process (labor-management negotiation mechanics and deadlines; Labor Ministry officials' performance as conciliators); (c) issues (relevance, evolution); (d) context (social support, media coverage, political influences); and (e) outcomes (agreement, satisfaction). After answering our initial questionnaire, interviewees were also asked to make a general evaluation of the negotiation, their own performance or influence in it, and the sequence of events surrounding it. Whenever pertinent, we asked clarifying questions. After interview rounds ended, we reviewed all the primary and secondary information gathered (Gerring, 2006; Patton, 2001).

Kraft Foods Argentina's 2009 labor-management conflict was probably the most prominent labor-management conflict in Argentina over at least the past decade. The parties were able to find a suitable formula to settle their differences only after 4 months of severe confrontations that escalated out of control, growing into a public dispute and engaging all branches of Argentina's government. Our case study illustrates the hostile conditions in which this conflict unfolded and the challenges faced by multinational corporations' managers in conflictive sociopolitical settings.

This article is based on existing bodies of literature on the dark side of employment relations, organizational conflict management, and turning points in negotiations. Drawing from these theoretical developments, this article aims to explore *how* and *why* a specific labor-management negotiation mechanism—the mandatory conciliation—may eventually lead to an agreement without preventing severe economic and relational damages along the process.

Even though the turning-point analysis framework had been mostly used to examine other types of negotiations (intergovernmental, environmental, trade or intellectual property negotiations), we found it useful to unveil important insights that would have otherwise gone undetected in the unique dynamics of KFTA's labor-management mandatory conciliation. By reviewing this particular process-outcome relationship, our research intends to glean a better understanding of this process and how negotiators involved acted or reacted to actions, decisions, rhetoric, and events at play in an atypical labor-management negotiation (Druckman, 2002).

The salient objectives of our case study include extracting practical implications for practitioners, particularly those working in Latin American countries, where confrontations abound and agreements fall short. This case study also proves the applicability of the turning-point framework to analyze a labor-management negotiation in retrospect, paving the way for future quantitative studies with larger samples—*n*-number—of labor-management negotiations to contrast their results and prospective insights, with the observations made on this or other individual case studies.

Case Study

The Legal and Institutional Architecture of Labor-Management Relations in Argentina

Argentina's labor legal framework follows the system of conventions issued by the *International Labor Organization* to support the advancement of decent and productive work, to ensure that employers and workers can associate to efficiently negotiate work relations, and to provide workers and employers with an equal voice to conduct negotiations that accomplish fair and equitable outcomes and prevent costly labor disputes (International Labour Organization, 2009). A collective bargaining is the process that precedes and by which the negotiating parties pursue a collective agreement. In this procedure, an employer or a group of employers and one or more representative of workers' organizations write down a document detailing their agreement on both working conditions and employment terms (Gernigon, Otero, & Guido, 2000; McKersie & Cutcher-Gershenfeld, 2009).

The CGT has been Argentina's national league of unions since 1930. The Argentine *Labor Union Law*, effective since Juan Domingo Perón's first presidential term (1946–1951), grants the CGT and all its affiliated unions a monopoly of representation and, as a result, an unyielding control over the whole labor system. Since then, the CGT has been a pillar of Argentina's *Peronist* party (Murillo, 2001).

A mandatory conciliation is an exceptional, nonrecurring negotiation in the Argentine labor legal system that the Labor Ministry, the federal labor authority, enforces when the parties involved cannot settle a collective dispute and escalates into a protracted impasse negatively affecting public welfare. This procedure is conducted by one or more official representatives who serve as conciliators, with the sole purpose of facilitating communications between parties, refraining from making any specific proposal to solve the dispute (República Argentina, INFOLEG, 2012). When the Labor Ministry orders a mandatory conciliation, the contending parties are compelled to revert their decisions and, when possible, their actions, so as to return to the conditions prevailing before the collective dispute started. This process has an established duration—10 working days—that, under special circumstances, may be prolonged by a Labor Ministry ruling. Thus, both parties are bound by legal and time constraints, but reaching an agreement is not compulsory.

Labor Dispute Intensity in Present-Day Argentina

A recent comparative study published by the World Economic Forum (2007), comprising the 125 countries listed in the 2006–2007 Global Competitiveness Report, succinctly depicts Argentina's weak performance in two labor-related factors: *labor market flexibility*—Argentina ranking last, with 2.75/10—and *labor-management relations*—where Argentina got fourth worst performance. In that same sample, another labor-related factor was measured: Argentina's performance in *labor dispute intensity*—measured in number of *Days Not Worked per 1,000* (workers)—over a 9-year period (1996–2004) proved the worst, as it boasted the highest score, 797.10. To calculate an individual country's score, the total annual number of days not worked is divided by the working population and multiplied by 1,000 (Reade & Reade McKenna, 2009). In a nutshell, a rigid, overregulated labor market coupled with intraunion disputes and widespread poor labor-management relationships lead to abnormally high labor dispute intensity as compared to other countries (Mallea, 2009).

Labor-Management Environment at KFTA's Plant in Pacheco

Nabisco acquired *Terrabusi International Inc.*, an Argentine family-owned business, in 1994. In 2000, KFTA's controlling corporation bought *Nabisco* and its entire constellation of firms. In Argentina, this merger gave way to KFTA and gathered a portfolio of almost 100 top brands. KFTA's largest plant is located in Pacheco, Buenos Aires province—just a few blocks away from the *Pan American Highway*, a road that links northern suburban districts to downtown Buenos Aires.

Intraunion conflicts in what is now KFTA's Pacheco plant started in 1993. Since then, delegates have circumvented STIA's fourteen councilmen, claiming that STIA's leader, Rodolfo Daer, agreed with *food and beverage* industry employers on the introduction of several labor reforms, including the so-called *functional versatility*—all industrial workers should comply with whatever duties firms may assign them—regarding flexible or temporary-unstable-labor contracts, without due consultations with their constituency.

In 2005, a new group of delegates emerged from a ballot at KFTA's Pacheco plant. The two leading candidates of the winning ticket, both active STIA members, were affiliated to leftist parties—one was a member of the *Communist Revolutionary Party* (Maoists), and the other one was a prominent member of a workers' political group called *Desde Abajo* (roughly translated as *grassroots*) with strong links to the *Socialist Workers' Party* (Trotskyites). They only set aside their ideological differences—quite significant on some issues—to stand against both STIA's councilmen and KFTA's management. Yet whenever a

labor–management conflict grows tense, the delegates rely on their STIA membership as legal protection—*union immunity*—against potential disciplinary measures.

A new KFTA's president and CEO took over in 2006, almost at the same time as a new president and CEO was appointed at KFT. In 2007, KFT and all its subsidiaries embarked on a process of substantial changes. Following new guidelines, KFTA posted positive results in 2008, with sales totaling AR\$ 4.1 billion (USD 480 million). When these figures became public, the delegates approached KFTA's Human Resources Department to ask for a 70% salary hike for all industrial workers to partake of the wealth they had helped create.

At that time, two additional matters—both process conflicts (Jehn, 1997)—were subject of controversy between KFTA's management and the delegates: first, the firm's intention to test a 4-day workweek at a Pacheco plant sector, which the delegates deemed as a disruptive organizational event (Johnson & O'Leary-Kelly, 2003), and second, the company's decision to postpone, allegedly due to financial restrictions, the supply of ergonomic chairs for some critical production line jobs. The delegates objected to councilmen's leniency on both issues, viewing management's proposal as a deception, cunningly designed to force workers to withdraw from the current collective agreement, which would prevent them from benefiting from future collective bargains and possibly subject them to worse working conditions. As to the matter of ergonomic chairs, the delegates argued that, considering KFTA's earnings in 2008, financial restrictions were a fictitious excuse that showed that company management did not care about workers' working conditions and health.

Soon enough, in April, the food and beverage industry employers' organization and STIA entered into a new collective bargaining and agreed on a 35% salary raise for all the firms operating in their industry. Disappointed by what they considered a meager increase and an inadequate answer to their requests (Fonstad, McKersie, & Eaton, 2004), the delegates and a small group of followers started a series of demonstrations and promoted several short stoppages and work-to-rule periods at the plant's premises (Peterson & Lewin, 2000) with mixed results, as not all workers approved of their protest methods. When workers' resistance, which varied significantly across production areas and working shifts, seemed strong enough to render their efforts ineffective, some delegates engaged in zealous arguments with opposing fellow workers to win them over.

By mid-June 2009, the human resources manager had resigned and was replaced by his deputy; both of them had been part of the plant's management since the *Nabisco* years. The departing executive had been very active in developing a candid dialogue with all workers' representatives; he used to attend the meetings held by the delegates, asking for permission to speak and debate with them, in order to forge a good working relationship based on mutual respect and trust (Jehn, 1995; Tjosvold, 2008). His successor chose to forgo that practice, replacing it with breakfast meetings with small groups of workers to talk about their views on working conditions at the plant. The delegates praised the former and resented the latter practice, claiming that they stood as the sole communication channel between workers and the firm's management.

A Turning-Point Analysis of KFTA's Labor–Management Negotiation

Our case study on KFTA's conflict and negotiation reconstructs the process's chronology and traces the interactions by means of the turning-point framework's constitutive elements (Crump & Druckman, 2011), as noted in Table 1 below.

Kraft Foods Argentina's conflict and negotiation process developments are traced in Tables 2–7. The first departure (Table 2) took place on June 30, 2009, when KFTA's management rejected the delegates' written petition for a 1-month paid leave for all plant personnel, the only effective precautionary measure to avoid *A(H1N1)* flu contagion. This managerial decision overlooked the fact that a task conflict (Jehn, 1997) was left unsolved, that both parties held contradictory viewpoints, ideas, and opinions on its characteristics and potential risks, and that, given their prior relationship conflict (De Dreu & Weingart, 2003), this task conflict could evolve negatively.

Table 1
Turning Points Framework (Process Traces)

| Precipitants ($t - 1$) → | Departure (t) → | Consequences ($t + 1$) → | Consequences ($t + n$) |
|---------------------------------------|---------------------|-----------------------------|-----------------------------|
| Types | Types | Types | Types |
| External Substantive Procedural | Abrupt Nonabrupt | Escalatory De-escalatory | Escalatory De-escalatory |

Note. A straight arrow → indicates a causal relationship between sequential events (Crump & Druckman, 2011); t stands for departure—turning point—and n for the variable number—one or more—of subsequent consequences that follow the immediate consequence ($t + 1$) of a departure.

Table 2
Delegates' Request for Precautionary Health Safety Measures

| | |
|------------|--|
| April 2009 | The A(H1N1) global pandemic's impact on Argentina triggers the widespread implementation of precautionary measures in both public and private organizations (External Precipitant: $t - 3$) → |
| June 30 | The delegates draft a petition for a 30-day paid leave, starting the following day, for KFTA Pacheco plant's 3,300 employees to prevent A(H1N1) contagion (Procedural Precipitant: $t - 2$) → The delegates submit their petition to KFTA's human resources manager (Substantive Precipitant: $t - 1$) → KFTA's management rejects the delegates' demand, considering it both unnecessary and excessive (Abrupt Departure) → |
| July 3 | At 6:00 p.m., the delegates and a group of followers—nearly 160 people—gather in front of the HQ building, holding 70 administrative employees inside for almost 3 hr (Escalatory Consequence: $t + 1$) → KFTA's managers ask the delegates to leave. As they refuse, the delegates are reported to Buenos Aires Province Police and eventually evicted (Escalatory Consequence: $t + 2$) → Once outside the plant, at 9:00 p.m., the delegates block the main gate, preventing all vehicles from entering or exiting the plant (Escalatory Consequence: $t + 3$) → KFTA's managers file a complaint with the Labor Ministry against the delegates for their actions inside and outside the Pacheco plant (Escalatory Consequence: $t + 4$) → |

Note. KFTA, Kraft Foods Argentina. A straight arrow → indicates a causal relationship between sequential events (Crump & Druckman, 2011); t stands for departure—turning point—and n for the variable number—one or more—of subsequent consequences that follow the immediate consequence ($t + 1$) of a departure.

Table 3
The Delegates' Bonfire

| | |
|--------|---|
| July 4 | The Labor Ministry issues its Disposition No. 830, closing down the plant for the weekend before resuming its normal operations on Monday July 6 (External Precipitant: $t - 2$) → |
| July 6 | As the delegates hinder the restart of the plant, the Labor Ministry issues its Disposition No. 848, reaffirming that operations in Pacheco should be resumed (External Precipitant: $t - 1$) → During the night shift, the delegates and a group of followers set some pallets—KFTA's property—on fire outside the plant, blocking its main entrance. KFTA Plant's fire brigade puts the fire out (Abrupt Departure) → KFTA's management files another complaint with the Labor Ministry against the delegates (Escalatory Consequence: $t + 1$) → |

Note. KFTA, Kraft Foods Argentina. A straight arrow → indicates a causal relationship between sequential events (Crump & Druckman, 2011); t stands for departure—turning point—and n for the variable number—one or more—of subsequent consequences that follow the immediate consequence ($t + 1$) of a departure.

At that time, both national and provincial public health authorities had taken all the usual community mitigation measures: temporary and local school closures, cancellation of mass gatherings, isolation or quarantine of sick or exposed individuals, and other social-distancing precautions. But two days before

Table 4
156 Layoffs at Kraft Foods Argentina (KFTA)

| | |
|---------------|---|
| July 8 | The Labor Ministry enforces a <i>mandatory conciliation</i> process for a 10-day period, with a potential extension for another 5 working days (External Precipitant: $t - 2$) → |
| August 8 | The mandatory conciliation period ends at an impasse; all legal restraints cease for both parties (External Precipitant: $t - 1$) --> |
| August 18 | KFTA lays off, without severance, the delegates and their followers—156 workers in all—for their violent protest in front of its HQ building on July 3 (Abrupt Departure) → |
| August 20 | The delegates picket on the Pan American Highway (Escalatory Consequence: $t + 1$) → |
| August 24 | KFTA’s managers decide to discount stoppage days from all workers’ salaries (Escalatory Consequence: $t + 2$) → |
| August 25 | KFTA’s managers announce a proposal to 70 of the 156 expelled workers; those who agree to sign an individual agreement, under the Ministry’s supervision, will receive a severance payment for their layoff (Consequence: $t + 3$) → |
| September 1–2 | KFTA’s plant workers go on strike for 2 days (Escalatory Consequence: $t + 4$) → |
| September 4–6 | KFTA’s managers order a 3-day leave, planning to resume plant operations on September 7 (De-Escalatory Consequence: $t + 5$) → |

Note. A straight arrow → indicates a causal relationship between sequential events; a broken arrow --> points to a noncausal relationship between sequential events (Crump & Druckman, 2011); t stands for departure—turning point—and n for the variable number—one or more—of subsequent consequences that follow the immediate consequence ($t + 1$) of a departure.

Table 5
Kraft Foods Argentina’s (KFTA) Plant Seizure

| | |
|-----------------|--|
| August 19 | The Labor Ministry orders, by Disposition No. 125, a new mandatory conciliation for the same period of time as the previous one (External Precipitant: $t - 3$) → |
| September 7 | The second <i>mandatory conciliation</i> period ends at an impasse; all legal restraints cease for both parties (External Precipitant: $t - 2$) --> KFTA’s managers confirm 156 layoffs, as salaries for plant personnel are paid with discounts for stoppage days (Substantive Precipitant: $t - 1$) → A group of 18 expelled workers break into KFTA’s Pacheco plant, occupying a part of it; later, 22 more joined them. Buenos Aires Province Police officers use rubber bullets and teargas during the preceding skirmish (Abrupt Departure) → KFTA’s management files a legal suit before the Criminal Justice Court, with jurisdiction on the plant’s area, accusing the delegates and their followers of trespassing and seizing the firm’s private property (Escalatory Consequence: $t + 1$) → KFTA’s management files a new complaint with the Labor Ministry based on the same grounds as the criminal charges brought against the delegates and their followers (Escalatory Consequence: $t + 2$) → |
| September 10 | The delegates demonstrate with a picket on the Pan American Highway (Escalatory Consequence: $t + 3$) → |
| September 16 | Inside the plant, the delegates clash with a group of fellow workers from an unoccupied area of the premises, who oppose their actions and the plant’s seizure; one injured worker has to be treated in the infirmary (Escalatory Consequence: $t + 4$) → |
| September 20 | The delegates demonstrate with a picket on the Pan American Highway (Escalatory Consequence: $t + 5$) → |
| September 21–22 | KFTA workers gather in two consecutive assemblies; on both occasions, the show of hands favors the release of plant’s occupied area and the return to normal activities. The delegates refuse to accept their defeat in the voting, and the occupation continues (Escalatory Consequence: $t + 6$) → A new clash between the delegates and a group of fellow workers who oppose their actions and the plant’s seizure; 36 injured workers have to be treated in the infirmary (Escalatory Consequence: $t + 7$) → |

Note. A straight arrow → indicates a causal relationship between sequential events; a broken arrow --> points to a noncausal relationship between sequential events (Crump & Druckman, 2011); t stands for departure—turning point—and n for the variable number—one or more—of subsequent consequences that follow the immediate consequence ($t + 1$) of a departure.

Table 6
Kraft Foods Argentina's (KFTA) Plant Eviction

| | |
|--------------|---|
| September 25 | As Argentine media report on rumors that KFT's authorities have decided KFTA's sellout, the Labor Ministry summons the firm's executives, compelling them to reiterate the firm's commitment to continue its operations in Argentina, maintaining all existing jobs (External Precipitant: $t - 3$) → A court ruling orders the eviction of KFTA plant's illegal occupants (External Precipitant: $t - 2$) → After 3 hours of ineffective negotiations, 300 police officers enter the plant and take the 40 occupiers into custody; skirmishes with supporters outside the plant end with 65 arrests, and 12 injured demonstrators in the hospital (External Precipitant: $t - 1$) → |
| September 26 | In addition all previous disciplinary measures, KFTA's management suspends another 36 workers (Abrupt Departure) → |
| September 28 | Private security guards posted outside the plant prevent the delegates from entering the KFTA's premises. The delegates file a complaint against KFTA with the Labor Ministry, citing their <i>union immunity</i> (Escalatory Consequence: $t + 1$) → |

Note. A straight arrow → indicates a causal relationship between sequential events (Crump & Druckman, 2011); t stands for departure—turning point—and n for the variable number—one or more—of subsequent consequences that follow the immediate consequence ($t \pm 1$) of a departure.

Table 7
Kraft Foods Argentina's (KFTA) Actual Labor-Management Negotiation

| | |
|--------------|--|
| September 28 | The Labor Ministry warns KFTA's management that if they continue to disregard directives issued during the second <i>mandatory conciliation</i> , the firm will be fined to the tune of AR\$ 13.5 million (External Precipitant: $t - 3$) → The U.S. Embassy issues a press release, underscoring the importance of reaching a sustainable agreement in KFTA's conflict for the sake of both countries' common interests (External Precipitant: $t - 2$) → |
| October 1 | To prove their willingness to negotiate, KFTA's executives approach Labor Ministry officials with an offer to reinstate 30 workers (Substantive Precipitant: $t - 1$) → |
| October 7 | KFTA's executives ask the Labor Ministry to summon both parties for a joint meeting, the first one since the conflict began, and offer to reinstate 20 additional workers (Nonabrupt Departure) → |
| October 9 | The delegates picket on the Pan American Highway (Escalatory Consequence: $t + 1$) → |
| October 16 | Finally, the contending parts sign an <i>Act of Reconciliation</i> (A) KFTA's managers agree to reinstate 70 of the dismissed and suspended workers; (B) KFTA's managers agree to maintain current working conditions unchanged and to postpone plans to increase production rates; (C) The delegates agree to start a 60-day <i>Social Peace</i> period, during which they will refrain from engaging in direct actions of any kind; (D) KFTA's managers agree to recognize the delegates' legal status, despite the fact that their terms expired during the conflict; (E) The act record includes a statement by KFTA's executives, assuring that the company will not leave the country. (De-Escalatory Consequence: $t + 2$) → |

Note. A straight arrow → indicates a causal relationship between sequential events (Crump & Druckman, 2011); t stands for departure—turning point—and n for the variable number—one or more—of subsequent consequences that follow the immediate consequence ($t \pm 1$) of a departure.

the delegates' request, on Sunday, June 28, the political context changed drastically toward uncertainty: the national government's candidates—including former president Néstor Kirchner—lost the midterm legislative elections and Health Minister Graciela Ocaña stepped down from her post the following day (Bliss, 2009). Political analysts and commentators in the media speculated that a wide reshuffle of the cabinet of ministers was imminent.

On Friday, July 3, the delegates started their retaliation to the firm's negative response to their request; under their leadership a group of more than 150 workers set a 3-hour siege to the HQ building. The blockade ended when KFTA's managers filed a complaint at the Labor Ministry, reporting that the delegates' and their followers' deviant behavior inside and outside of plant premises was a harmful violation of the firm's rules and norms that compromised its well-being (Robinson & Bennett, 1995). That same night, the Ministry issued its Disposition No. 830 ordering to assume operations normally the following Monday, July 6, at the beginning of the morning shift at 6:00 a.m.; the ruling turned ineffective because the delegates and their followers prevented the rest of plant's staff to restart operations normally. Later, during the afternoon, KFTA's management filed a second complaint against them for their disobedience to what had been ordered and for impeding the firm to abide D. No. 830. Shortly thereafter, the Ministry issued its D. No. 848, reaffirming that normal operations should be resumed in Pacheco.

The delegates and their followers also prompted the second departure (Table 3) when they set a pile of wooden pallets—KFTA's property—on fire to block the plant entrance for trucks. This act of vandalism, a manifest organizational deviance (Lawrence & Robinson, 2007; Robinson & Bennett, 1995), required the intervention of the plant's fire brigade to put the fire out. KFTA's management filed a third complaint with the Labor Ministry. On July 8, a mandatory conciliation negotiation process started under the guidance of the Ministry's designated officials. During this process that lasted ten working days plus an extension of five additional working days, the contenders held meetings with government conciliators in separate rooms, without direct contact between them. The mandatory conciliation period expired without any progress; all legal restraints, for both parties, ceased on August 8.

The third departure (Table 4) unfolded as KFTA's management sent, on August 18, a mandatory notice, by telegram, notifying to each of the eleven delegates, three STIA councilmen, and the rest of their followers—156 workers in all—that they had been laid off without any compensation, for their violent protest on July 3, in front of the HQ building. The next morning, the Ministry ruled a second mandatory conciliation process with its D. No. 125. At the same time, the delegates, their followers, and a good number of social and political activists blocked the *Pan American Highway* for the first time. KFTA managers announced later, on August 24, that the firm—still pursuing a confrontational approach as their dominant strategy (Walton & McKersie, 1965)—had decided to pay all the plant personnel's salaries with discounts in proportion with the amount of stoppage day. The workers responded with a 2-day strike, on September 1 and 2, halting all KFTA's plant operations. At the same time, the management announced to 70 of the 156 laid-off workers that a case-by-case dismissal revision had been started, offering severance payments for those who signed an agreement (Table 4). Next, KFTA managers granted a 3-day leave, from September 4 through 6, and announced that the plant would reopen after the end of the second mandatory conciliation.

The fourth departure (Table 5) took place when a group of 18 of the expelled workers broke into KFTA's Pacheco plant and occupied part of it; later, 22 more joined them. Their retaliatory hostility (Judge et al., 2006; Penney & Spector, 2005) was, they contended, justified by the firm's cynical—and partial—adherence to all labor law and collective agreement prescriptions. That same day, September 7, the second mandatory conciliation ended. Earlier that morning, KFTA managers confirmed the 156 layoffs and that, as it was announced before, all the workers' salaries would be proportionally diminished for all the days they did not work. The delegates' group faced opposition from other fellow workers—in one episode, a woman was injured; in other, 2 days later, 36 workers had to be treated at the plant's infirmary. KFTA's managers considered that such eruptions of interpersonal deviance (Lawrence & Robinson, 2007; Robinson & Bennett, 1995) could not be tolerated, and the firm's counselors filed a legal suit before the Criminal Justice Court, with jurisdiction on the plant's area, accusing the delegates and their followers of trespassing and seizing the firm's private property and for other acts of violence, all of them different being forms of deviant behavior at the workplace (Appelbaum et al., 2007; Bella et al., 2003), in KFTA's premises. They also filed a new complaint with the Labor Ministry.

Faced with this turn of events, *Trotskyite* delegate group members motioned to vacate plant premises, as recommended by their party's counselors, to avoid compounding the charges against them. *Maoist* members bluntly rejected what they characterized as a dubious attitude. As the matter could not be settled harmoniously, the *Trotskyites* left KFTA's premises, and the delegates' leadership was severed. On September 25, the Criminal Court, after considering all the facts presented by both the claimants' and the defendants' lawyers, ruled for the eviction of KFTA plant's illegal occupants. That afternoon, and after 3 hours of deliberation between the police officer in charge of the eviction and the delegates' remaining leadership, 300 police officers entered the plant premises and forcibly took the occupiers into custody. Outside the plant, a crowd of more than one hundred people—most of them relatives of the intruders, their political comrades, and supporters—gathered in front of the gates and resisted the occupiers' removal. Their fierce confrontation with police officers, who shot rubber bullets and threw teargas canisters, ended with arresting 65 people and causing injury to 12 individuals who had to be hospitalized. Shortly after the skirmish, the police officer in charge of the eviction reported to the media that he decided to enforce the eviction order when he learned that three occupiers had been found near the plant's silos—containing 50 tons of flour—and had threatened to set them on fire (LA NACIÓN, 2009b).

The next departure (Table 6) happened a day after the violent eviction at KFTA's plant, when, in addition to all previous disciplinary measures, the firm's management decided to suspend another 36 workers. Argentine media reported on rumors that KFTA's authorities had decided KFTA's sell out. The following afternoon, a massive demonstration filled the streets of downtown Buenos Aires; protesters stopped in front of the U.S. Embassy to deliver a letter to the recently accredited—on July 24—U.S. Ambassador, Vilma Martínez, asking for her intervention before the American firm's management in Argentina (Hand Orellana, 2009).

Two days later, on September 28, KFTA's executives stated that the plant would resume production and reiterated their commitment—as per their agreement with the Labor Ministry—to maintaining all existing jobs. When KFTA's Pacheco plant restarted normal operations, private security guards posted outside the plant prevented all delegates from entering the premises. Immediately, the delegates filed a complaint against KFTA with the Labor Ministry, citing their union immunity. The Labor Ministry warned KFTA's management that if they continued to ignore official directives issued during the second mandatory conciliation, the firm would be fined to the tune of nearly ARS 13.5 million. That same day, the U.S. Embassy issued a press release, underscoring the importance of reaching a sustainable agreement in KFTA's conflict to safeguard both countries' common interests. The message also remarked that the current investment climate should be improved and mentioned that, at that time, 155,000 Argentine nationals were employees in American firms operating in Argentina (LA NACIÓN, 2009c).

Only a few days later, on October 7, KFTA's executives asked the Labor Ministry to summon both parties to a joint meeting—departure (Table 7)—for the first time since the conflict began, offering to add 20 workers to the 30 that they had already offered to reinstate. Successive enticements toward collaboration, once the delegates' leadership split, proved to be effective (De Dreu, 2008). Finally, on October 16, the contending parties signed an *Act of Reconciliation* containing the following points:

- (1) KFTA's managers agreed to reinstate 70 of the workers who had been laid off or suspended;
- (2) KFTA's managers agreed to maintain the current working conditions unchanged and to postpone plans to increase production rates;
- (3) Delegates agreed to start a 60-day *Social Peace* period, during which they would refrain from engaging in direct actions of any kind.
- (4) KFTA's managers agreed to recognize the delegates' legal status, despite the fact that their terms had expired during the conflict.
- (5) The Act record included a statement by KFTA's executives, assuring that the company would not leave the country.

Kraft Foods Argentina's conflict and mandatory negotiation spanned from mid-April to mid-October 2009. Six departures are listed as a result of the sequences of events chosen for analysis; the process trace for each sequence is summarized, indicating the frequency of types of precipitants, departures, and consequences as well as including their rate of occurrence in parentheses; with such arrangement, we show the proportion of each specific type of incident considered in relation to the total number of incidents during each sequence of events. The resulting distribution constitutes a concise map of the overall conflict—a synthetic description its complex dynamics—that shows how chains of events evolved along it and allows further analysis on why they did so. Furthermore, general comparisons, prior to specific ones, with other labor–management conflicts are thus more accessible.

KFTA's Process Traces:

Precipitants: External (.80), Procedural (.07), Substantive (.13)

Departures: Nonabrupt (.17), Abrupt (.83)

Consequences: De-Escalatory (.15), Escalatory (.85)

A Modal Trace (Most Frequently Occurring Types) Takes the Following Form:

External precipitants → Abrupt departures → Escalatory consequences

This negotiation process features a sharp predominance of external precipitants and primarily abrupt departures. Both the inception and the end of the process were markedly influenced by contextual factors and intraorganizational conflicts that differed greatly from the issue—the *A(H1N1)* pandemics—that sparked the dispute. The mandatory conciliation, as conducted in this case, provided little room for dialogue between contenders and put off, until the conflict was practically out of control, an actual face-to-face labor–management negotiation. Both contending parties ended their confrontation by conceding almost half of what they initially demanded; neither all the wrongdoers were laid off nor all the expelled workers were reinstated.

Discussion

The main contribution of our case study on KFTA's 2009 labor–management conflict and mandatory conciliation negotiation is that it reveals the decisive role that deviant behavior at the workplace—both organizational and interpersonal misconducts that are part of the dark side of the employment relation—may exert on how both parties' negotiators manage the resolution of an organizational conflict. Our case study gives, in support of such explanation, a detailed analysis of the sequence of events along the clash; we performed it by means of an extended application of Druckman's turning-point framework—precipitants, departures, and consequences (Druckman, 1986, 2001; Druckman et al., 1991).

As mentioned earlier, labor–management negotiations may be viewed as peace talks in a microcosm, and, furthering that analogy, the mandatory conciliation process may be assimilated to the negotiations conducted under a ceasefire resolution issued by the UN's Security Council. We consider that under this lens, our case study enriches an existing area of research—labor–management negotiations—and that by applying Druckman's turning-point theoretical framework, it is possible to gain a better understanding of the complex dynamics that characterizes such processes and to extract, by means of such retrospective analysis, new insights into managing them. Additionally, it also detects that the absence of actual dialogue between the contending parties led to a clear predominance of external precipitants along the conflict that blocked the formulation of either the procedural or substantive precipitants needed to settle an agreement; the persistent lack of communication led both contenders to escalate their conflict (Druckman, 1986, 2001; Druckman & Nowak, 2010; Druckman et al., 1991).

As noted earlier, KFTA's case confirms that deliberate organizational purposes and actions may lead to dissonant actual outcomes and that some of them are part of the dark side in organizations. Almost all

the unforeseen results—unintended consequences, as Merton (1936) named them—that punctuate KFTA's case were outcomes of a complex mixture of facts, perceptions, values, and aspirations, as well as mere strategic calculations, that exerted a decisive influence on the course of developments in and by the organization.

Kraft Foods Argentina's case study shows that severe labor–management clashes may be impelled by a repertoire of factors comprising relationship conflicts, derived from organizational events—successive acquisitions by different multinational corporations that drove to different corporate orientations toward the labor–management relation—task conflicts, such as the different views regarding the risks posed by the *A(H1N1)* pandemic and the preemptive health measures needed to deal with it or the intended change of the weekly work schedule, and process conflicts, such as the request for improved working conditions—the ergonomic chairs—in several posts along the line of production. The manner in which the KFTA's management engaged with such conflicts, oscillating between dominating and avoiding, also exemplifies how such attitude allows the other to construe a combination of alleged grievances on which a persistent opposition to any firm's management team may be founded (Johnson & O'Leary-Kelly, 2003; Schmidt & Kochan, 1972).

Kraft Foods Argentina's case study also exemplifies how conducive some of the different forms of deviant behavior at the workplace are to delineate the intricate relation that links individuals with groups, the diversity of motives that drive clashes among groups, the persistence of prior confrontations, as part of the interdependent groups' common history, and, particularly, the salience of workers' perceptions on organizational fairness and justice within any labor–management relations (Aselage & Eisenberger, 2003). This is a combination of factors, as our case study shows, that may lead to intractable confrontations with damaging effects over organizational performance (Appelbaum et al., 2007; Bella et al., 2003; Dunlop & Lee, 2004).

Kraft Foods Argentina's case study typifies the strategic use given to deviant conducts—both interpersonal and organizational—as a source of power and as a leverage to equalize perceived and factual imbalances between labor–management contenders. The resulting hostile attitude, in our analysis consistent with the radical viewpoints of the delegates' leaders on employment relations, may persist during almost the confrontation and hinder the negotiation process because it leads all contending parties to be unable, or unwilling, to communicate effectively. Such strategy may be reinforced, as the delegates and their followers did, by recurring to escalatory actions and reactions, coupled with inflammatory speech, to make evident a complete disregard for organizational rules and values (Judge et al., 2006; Lawrence & Robinson, 2007; Penney & Spector, 2005; Robinson & Bennett, 1995).

Additionally, our analysis provides some explanations on how actions and reactions during a dispute—including organizational or interpersonal deviant behavior—serve to define, or reinforce, each group's identity and how relevant it is to understand such manifestations as part of the dark side of employment relations—and the underlying approach with which interdependent groups conceive employment relations—to anticipate their occurrence, to develop specific conflict management procedures to deal with them, to reduce their recurrence, and, whenever possible, to remove most of their persistent underlying causes (Ackers, 2011; Fiol et al., 2009; Vaughn, 1999, 2005; Wilton, 2010).

Practical Implications

To advance in the reduction of the uncertainty that characterizes almost all labor–management conflicts, and the lack of predictability of their final outcomes, corporate management team members should acquire skills and develop attitudes that enable them to supervise and exert some control over them. This first lesson that corporate managers may extract from KFTA's conflict must impel them to be extremely proactive and put at work creativity and certain flexibility to overcome whatever obstacles union representatives may pose during all negotiation processes—whether periodic or extraordinary—to entangle such interactions.

Corporate managers who are truly committed to reduce troublesome negative interactions with all persons holding ranks within the union's architecture of representation and with their constituency must bear in mind that learning and applying specific methods and procedures to handle labor-management disputes is an effective way to limit the financial and relational losses that would surely result from unrestrained conflicts. They also have to remember that they should not rely on governmental assistance because, in most countries, civil servants' involvement is limited by labor laws: Their mediation between the contending parties is forbidden, and they are only allowed to act as facilitators of the negotiation process.

Corporate managers should enhance their proficiency in handling conflicts by imposing themselves the duty of extracting lessons from all kinds of disputes—task, relationship or process conflicts; one way to achieve such goal is to transform every altercation into an effective mechanism to investigate problems, to generate inventive solutions, learn from mutual experiences and perceptions, and to enliven labor-management relations (Kolb & Putnam, 1992). With such purpose, they should take advantage of the continuous character of all labor-management relations as preparatory, for themselves as well as for their counterparts, for the periodic collective bargaining and collective agreements negotiations. Everyday interactions, if they are intentionally developed under such guidance, may help to create strong links between the parties involved; these ties are substantive, not just on account that neither labor nor management can avoid such exchanges, because in the same way that they share a common history—in which grievances and distrust may be present or may even abound—they also partake equally of a common future (Fiol et al., 2009; Haslam, 2004).

The 2009 KFTA's conflict was intricate on account of the wide range of issues that, at different stages, it encompassed. At the beginning, the disagreement was on safety and health conditions in the workplace—under quite abnormal conditions: the *A(H1N1)* pandemic—which by its characteristics and nature, should have been matter of an integrative exchange among the contenders. But at that point, both parties despised any chance to interact in an integrative manner. Afterward, the dispute's topics expanded with the inclusion of a strictly distributive matters regarding employment continuity, severance payments, and discounts on everybody's salaries for stoppage days. Corporate managers should be attentive to, and whenever possible avoid, topic expansion—a clear indication of both parties' distinctive identities (Fiol et al., 2009)—while dealing with labor representatives because it is a mechanism that makes the negotiation process go astray and hinders effective communication between the negotiating parties. Later on, the pandemic vanished and the situation worsened because only the distributive issues of the dispute remained; from that point on, the contenders' persistent unwillingness to communicate with each other, to exchange proposals alternative to sheer conflict, prevailed and led to untamed escalation (Druckman & Nowak, 2010).

Another important aspect that corporate managers and public officials should always bear in mind when they deal with unions' representatives—especially when they evidence to have radical views regarding employment relations (Ackers, 2011; Wilton, 2010)—is that they are interacting with counterparts that have a preference for escalating their conflicts. Radicals tend to use disputes as a power-building method that enables them to show toughness and combative spirit to their constituency—they know that such attitudes may be of decisive influence for their permanence as leaders or for the emergence of new ones. Escalation sometimes serves union representatives as an effective mechanism for attaining, through the media, public visibility for their altercation; this mechanism is used as a way to borrow power from external stakeholders and for leveling the asymmetries that they perceive exist between the corporate management team and them (Lewin et al., 1939).

Kraft Foods Argentina's case study also allows to extract lessons regarding the reasons that drive labor-management disputes toward strikes, escalation, and impasses: Each party seeks, sometimes overestimating its own power, to prevail over the other, and prior grievances, perceived or factual, tend to dominate over the substantive matters of the present dispute. To defuse damaging power contests, corporate managers should promote a continuous channel of interaction with their counterparts, to make as

evident as possible how interdependent both groups are and how conducive it is to engage in integrative collaboration—or even in a mutually satisfying compromise—to attain not only each group's goals but also others of higher order that they certainly share. Such mechanism may drastically reduce the chance of leaving any kind of conflict—task, relationship and process—unattended and may put a limit to the usual topic expansion (Fiol et al., 2009).

As KFTA's dispute exhibits, corporate managers and unions' representatives were excessively focused on their own interests and were reluctant to delineate areas of concurrence; thus distrust prevailed and cooperation was impaired. As they failed to build a minimum consensus regarding a commonly defined agenda, they missed several opportunities to build a mutually beneficial labor–management relation. Ultimately, such poor labor–management relation let controllable divergences to obstruct all their exchanges and unleashed consequences that they were all unable to foresee (Merton, 1936).

Kraft Foods Argentina's case presented along its life cycle several key instances—turning points (Druckman, 1986, 2001; Druckman et al., 1991)—that were trespassed making an agreement unlikely; both parties ignored such boundaries and made decisions without acknowledging that escalating a conflict only may worsen an already bad scenario: They pulled out the string up to the point to make it split. Lastly, the split of the delegates' leadership—before KFTA's plant eviction—helped the management team to de-escalate the conflict by making repeated offers to reinstate in total 50 workers—thus reframing the negotiation with a substantive precipitant—and to start a new negotiation phase. Coincidentally, the U.S. Embassy issued a press release—an external precipitant—by which it invited all the parties involved—somehow complementing the firm's conciliatory moves—to solve their dispute for the sake of both countries' common interests and on behalf of the almost 150,000 Argentinians employed by American firms with operations in the country. In response, the remaining members of the delegates' split leadership—those who resisted the eviction inside KFTA's plant—made one last escalating move by setting another picket on the *Pan American Highway* before accepting to engage in a real negotiation by which the dispute was finally settled (Druckman & Nowak, 2010).

Conclusion

In Argentina, as in other Latin American countries, there is a widespread negative attitude toward big businesses—particularly against multinational corporations—that hinders labor–management interactions and blocks communication and understanding between opposing parties. In such social context, candid dialogue and trust are rare in most employment relations; consequently, the collaborative search and discovery of reciprocally acceptable solutions to differences remains unusual (Beardsley, Quinn, Biswas, & Wilkenfeld, 2006; Friedman, 1993; Gewurz, 2001).

Even in such a refractory and conflict-prone social environment, managers may prevent the emergence of the harsh collisions that may result in any unforeseeable critical situation. On a day-to-day basis, they should deliberately restrict themselves from developing interactions and negotiations at the workplace in a dominating manner—the sort that unitarist macho managers seem to prefer—because if they fail to accomplish such self-control, all concerned parties would be unable to learn from them and, what is equally damaging, trust and cooperation would remain inhibited (Rahim, 2002; Van Boven & Thompson, 2003).

Kraft Foods Argentina's case study shows that when workers' representatives and corporate managers elude all forms of cooperation and are reluctant to define an area of shared interests, they become isolated and distrustful, making it impossible to build a minimum consensus. Improper behavior by one party led the other party to retaliation and so forth; mutual grievances heightened the conflict and rendered any kind agreement less motivating.

Whenever union members with radical views regarding employment relations clash with corporate managers that follow unitarist views on that same topic several manifestations on the dark side of

organizations would, at some point of their dispute, emerge; both organizational and interpersonal deviant behavior and harsh retaliation to all wrongdoers should be expected as well as repeated escalation, intractability, and impasse (Perry et al., 2013; Wilton, 2010). In severe labor–management conflicts, as was KFTA, contenders may opt to show their mutual reluctance to interact in an integrative fashion; but to pass through impasse, at least one of the contenders has to take the initiative and grasp one of the opportunities—ripe moments (Zartman, 2008)—that usually surge along the process to revert such negative tendency.

If both parties continue to stubbornly stick to their respective positions, their confrontation would linger on and no agreement would emerge. By adopting a pluralist attitude toward the employment relation, corporate managers may defuse the negative impact of the radicals' extremeness within the workforce representation; this would not set an insurmountable barrier to conflicts but would make them more scarce and probably less damaging (Ackers, 2011; De Dreu, 2008; Wilton, 2010). By such change, they may lead the way out of the stalemate of labor–management intractable conflict and conduct a cooperative conflict management process to agree upon a basic *affectio societatis*, willingness to concur, which by no means involves relinquishing each group's respective interests.

The first step in that direction is to recognize that no agreement would result in a dyadic interaction in which one of the parties is unwilling to concur; the following issue on which they must agree upon is that to achieve their respective group's goals they need to build a workable labor–management relation, almost from scratch. Furthermore, to interact constructively, they must conciliate not only their identities but some set of common goals to pursuit as interdependent groups integrated in a business organization that would only endure by means of their skills and joint efforts (De Dreu, 2008; Fiol et al., 2009).

Conducting a cooperative conflict management process may help both parties to converge to a more pluralist frame of reference regarding their employment relation; it may also lead to abandoning their tendency to relate with each other with no other base than a retrospective critical analysis of their past, misconducts, perceived or factual, and to replace it with a prospective attitude in search of integrative ways of interaction that entails harmonizing—and broadening—each group's basic interests: the improvement of profits or performance or the betterment of salaries and working conditions (Ackers, 2011). Of course, this is not a panacea; as De Dreu (2008) stated, “organizations need cooperative conflict management not so much to bring about positive conflict, but rather to mitigate or prevent workplace conflict to hurt too much” (p. 6).

Finally, the contribution of our case study on a mandatory conciliation negotiation is that it sheds some light on how negotiators manage a peculiar process in a complex sociopolitical setting that stimulates confrontation and the emergence of deviant organizational and interpersonal behaviors. It also shows that when the parties are distrustful and politically driven, their perceptions on both the process and the participating actors lead to conflict escalation and eventually negotiation impasses at the same time that it demonstrates the utility of Druckman's turning-point framework to extract practical implications that may be of help for practitioners willing to learn and to enhance their performance in future negotiations to attain better and enduring agreements—or even to avoid conflicts. For these reasons, we consider that KFTA's case study may be of academic interest and may encourage the performance of systematic studies—in emerging economies or elsewhere—on the profiles, causes, actors, and dynamics of different labor–management conflicts; in due time, once the pertinent data from a sufficient number of cases is gathered, such pursuit will allow to perform systematic comparisons enabling to assess its generality (Druckman et al., 1991).

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