

A Systematic Review of Industrial Conflict and Resolution Mechanisms in the FMCG Manufacturing Sector

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Abstract

This systematic review highlights the structural dynamics, operational pressures, main causes, and resolution techniques associated with industrial conflict within the manufacturing environment of fast moving consumer goods (FMCG). FMCG manufacturing environments are generally characterized by tight margins, strict quality control, continuous production lines, high productivity pressures and tight delivery schedules. Collectively, these conditions may lead to operational pressures which might trigger conflicts among the workforce, superiors, and management amongst others. But as you may know, within this environment, industrial conflict may emerge because of a number of interrelated factors such as production pressure, workload, pay differentials, problems associated with shift work, poor working conditions, communication breakdowns, ambiguous roles, and poor grievance handling. Essentially, based on a comprehensive review of secondary literature published from 2000 to 2026 and applying the principles of sociotechnical system theory and labour relations, this systematic review synthesizes the existing knowledge base on the causes, patterns, impacts, and management of industrial conflict in the FMCG manufacturing environment. It places great emphasis on aspects such as conflict at the shop floor, the relationship between shop floor supervisors and workers, communication difficulties, employee grievances, collective bargaining, mediation, conciliation, joint consultation and other forms of dispute settlement mechanisms. The literature review also makes a comparison of the various dispute-settlement mechanisms that exist in the statute versus proactive and collaborative mechanisms for conflict management. . In fact, when these mechanisms function, they not only settle disputes, but they may also play a part in retaining employees ensuring continuity of business fostering cooperation among workers and preventing any disruptive labour activities. In general, this research highlights the need to move from a reactive attitude in dispute resolution towards conflict management strategies that are preventative and relational. This research is also very useful for managers of FMCG manufacturing plants HR managers supervisors and employees who strive to ensure industrial harmony and proper workplace governance.

Keywords: Industrial Conflict, Conflict Resolution Mechanisms, FMCG Manufacturing, Labour Relations, Workplace Conflict, Grievance Redressal, Collective Bargaining, Employee Relations, Workplace Governance.

Introduction

FMCG manufacturing sector is one of the biggest sources of industrial productivity, consumer supply, and employment stability in most countries around the world. It is an industry that runs in a challenging environment defined by evolving consumer preferences, high volume production, low profit

margins, and fast inventory turnover. As a consequence, FMCG factories run under immense pressure to provide speed, regularity, and efficiency. The factories require continuous production lines, proper quality control, timely availability of raw materials, and virtually zero machine downtime. In such high-pressure environment, personnel management becomes a crucial element that connects factory performance and company profits.

Tension at work is an inherent feature of complex industrial environments. In an environment where hundreds of operators, line workers, mechanics, and shift managers operate in a tightly scheduled environment, conflict of personal and organizational nature is inevitable. Disputes in an industrial context generally fall into two broad categories: individual disputes regarding work load, shifts, overtime compensation, and supervision; and collective disputes concerning compensation, working conditions, bonus payments, and contract provisions. If not addressed in a timely manner and with a soft operational approach, minor conflicts may easily grow into serious problems, including unofficial strikes, absenteeism, destruction of property, and labor.

There has been an immense transformation of FMCG manufacturing in recent years. The increase in automation, application of Lean manufacturing principles, adherence to Six Sigma quality standards, flexing of labor, and implementation of shift work made day-to-day operations on the factory floor increasingly complicated. Furthermore, the increasing popularity of contract labor, which involves cooperation between temporary and permanent workers who might be paid vastly differently, put additional burden on labor relations. This, in turn, has turned construction of the efficient, reliable and legitimate dispute management systems into an absolute necessity rather than a mere legal one.

This paper presents a systematic review of existing literature and case studies on the major sources of industrial disputes in FMCG factories. It also provides an insight into effectiveness of statutory and voluntary dispute management systems and the implications thereof.

On the other Hand, Theoretical Framework & Literature Review

There are various industrial relations theories which can be used to examine conflicts in organizations. According to the Systems Model of Industrial Relations, there are three important players within an industrial relations system: management, employee organizations/ trade unions and government agencies. These players coexist within a socio-economic environment as well as share common perceptions. Conflict arises when there is an external change or internal mismatch within administration of these players according to Dunlop.

The Behavioural Theory of Labor Negotiations has been developed based on this systems model. Actually Walton and McKersie have drawn a clear distinction between distributive bargaining where one party wins while the other loses and integrative bargaining where two parties collaborate in order to achieve a win-win result. In FMCG industry, annual salary reviews and shift allowance calculations become distributive problems. In contrast, safety at workplace, ergonomic improvements and shift schedules should be resolved through integrative bargaining approach.

Recent studies about organizational behavior indicate that conflicts in the workplace are not always negative phenomena. If neglected, they might impair trust relationships and interfere with productivity. However, conflicts can be constructive if managed appropriately. Conflicts at the shop-floor level, if conducted openly and professionally, can reveal problems related to production, work environment, supervisory partiality, and bureaucratic tradition.

• Operational Intensity and Labor Relations in FMCG Plants

Existing studies in manufacturing firms indicate that there is a unique management challenge for shop floors of FMCG firms due to the continuous operation. Different from job-shop engineering and customized manufacturing, operations in the FMCG firms are organized through the use of automated production lines that never stop. Namely, for example, once something stops working, this means that packing and dispatch will also have to stop. Moreover, the high degree of interdependence of processes allows for employees to negotiate with more power during conflicts, whereas management has to be more reluctant to interrupt operations.

Moreover, studies conducted within industrial clusters indicate that employee dissatisfaction can result from informal agreements, discriminatory treatment of contract employees, and stringent supervision. Factories that apply stringent supervision have higher turnover rates, higher defect rates, and poor Overall Equipment Effectiveness (OEE) as compared to factories using more participatory labor management approaches.

Research Methodology

In this study, a qualitative systematic review methodology is employed based on PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses). On the other hand, in reality, since industrial management is a multidisciplinary field encompassing human resource strategy, administrative law, labor economics, and industrial psychology, a systematic review becomes the most appropriate way of collecting and analyzing peer-reviewed literature.

- **Literature Search Strategy and Sources**

A systematic multi-step search was undertaken through the top bibliographic databases such as google scholar, scopus, web of science, sciencedirect, and researchgate. The following search terms were developed through the use of Boolean operators for the identification of related literature:

("Industrial Conflict" OR "Workplace Disputes" OR "Labor Unrest" OR "Shop-Floor Friction") AND ("FMCG Sector" OR "FMCG Manufacturing" OR "Consumer Goods Industry") AND ("Grievance Redressal" OR "Collective Bargaining" OR "Mediation" OR "Conflict Resolution").

- **Selection and Screening Standards**

In order to maintain the rigor and relevance of the study, the review was conducted according to a series of criteria as follows:

- Inclusion Criteria 1 (IC1): peer-reviewed journal articles, academic dissertations, and institutional policies from 2000 to 2026.
- Inclusion Criteria 2 (IC2): research work involving an analysis of manufacturing labor dynamics, FMCG working environment, or conflict resolution.
- Inclusion Criteria 3 (IC3): research providing any empirical, qualitative, or theoretical insights on conflict resolution outcomes and workforce retention.
- Exclusion Criteria 1 (EC1): non-peer-reviewed commentaries, opinion blogs, editorials, and incomplete conference papers.
- Exclusion Criteria 2 (EC2): research focusing exclusively on service sector, like retail banking and software services with no relevance to manufacturing shop floor dynamics.

- **Data Extraction and Analytical Synthesis**

An initial search revealed 342 references. Further screening of duplicates and abstracts led to the selection of 88 full papers for more detailed investigation. Furthermore, through comprehensive screening in accordance with the set inclusion criteria, 42 articles of great importance were chosen for comparison. Kind of, qualitative thematic synthesis was then employed for the purpose of identifying the major reasons behind conflicts, analyzing approaches to resolving such conflicts, and establishing practical frameworks of managing them.

Theoretical Framework and Literature Review

A number of industrial relations theories can provide good perspectives on conflict within organizations. The Systems Model of Industrial Relations posits that the industrial relations system comprises of three basic components – the management, worker organizations/unions, and the government regulatory bodies. These components function within a common socio-economic environment and are driven by a common understanding. As stated by Dunlop, conflict arises when the equilibrium between these parties is affected by either change in the external environment or within internal administration.

From this point of view of systems, Walton and McKersie came up with the Behavioural Theory of Labor Negotiations. They were able to differentiate clearly between distributive bargaining, where what is gained by one side means loss for another, and integrative bargaining, where both sides try to achieve a mutually-beneficial solution. In the case of FMCGs, problems of annual salary increase and shift allowance have a tendency to be distributive. On the other hand, the problem of workplace safety, ergonomic improvements and shift scheduling can best be solved using integrative problem-solving.

Research in organizational behavior has found out that workplace conflict is not necessarily destructive. If allowed to go on without being controlled, it could result in deterioration in trust relationship and interruption of production processes. However, if managed properly, conflict could actually bring

about some constructive results. This can be achieved in an environment where conflicts in the shop floor are channeled through structured and proper communication.

- **Operational Intensity and Labor Relations in FMCG Plants**

Literature on organizations in manufacturing highlights the challenges associated with managing the shop floor in FMCG due to the nature of the process, which is ongoing. Unlike job-shop engineering and custom production, FMCG companies rely on assembly lines that run round-the-clock. Any disruption in the assembly line could disrupt packaging and dispatch downstream. Such interdependence of processes gives workers bargaining power in case of any conflict, while management is more unwilling to allow such disruptions.

Industrial clusters literature also indicates that worker discontent arises from informal procedures, discrimination against contractual labor and authoritarian supervision practices. Companies that use authoritarian practices have been found to suffer high turnover, high number of defects and low OEE (Overall Equipment Effectiveness).

Research Methodology

The systematic review strategy followed in this research is qualitative and adheres to the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) guidelines. Due to the nature of industrial management, which involves several disciplines such as human resource strategy, administrative law, labor economics, and industrial psychology, the systematic review serves as an effective tool to conduct, analyze and summarize the peer-reviewed literature available.

- **Literature Search Strategy and Sources**

The systematic search process consisted of multiple stages, which were carried out in major bibliographic databases like Google Scholar, Scopus, Web of Science, ScienceDirect, and ResearchGate. The relevant literature was found via the development of search strings using the following Boolean operators:

("Industrial Conflict" OR "Workplace Disputes" OR "Labor Unrest" OR "Shop-Floor Friction") AND ("FMCG Sector" OR "FMCG Manufacturing" OR "Consumer Goods Industry") AND ("Grievance Redressal" OR "Collective Bargaining" OR "Mediation" OR "Conflict Resolution").

- **Selection and Screening Standards**

In order to maintain the rigor of the review and its relevance to the topic, the following criteria were used for screening and selection of articles:

- Inclusion Criterion 1 (IC1): peer-reviewed journal articles, academic theses and institutional policies published between the years 2000 and 2026.
- Inclusion Criterion 2 (IC2): studies which address the dynamics of manufacturing labor, the operations of FMCG industries, or dispute resolution processes.
- Inclusion Criterion 3 (IC3): literature which provides valuable insights on the results of disputes and worker retention from a qualitative, empirical or theoretical standpoint.
- Exclusion Criterion 1 (EC1): non-peer-reviewed blog posts, editorials, commentaries and incomplete conference abstracts.
- Exclusion Criterion 2 (EC2): studies addressing only the service sector such as retail banking and software services with no relation to manufacturing shop floor operations.

- **Data Extraction and Analytical Synthesis**

A preliminary search yielded 342 entries. The filtering process included duplicate exclusion, title and abstract review, resulting in selection of 88 full-text articles for detailed analysis. Further evaluation according to the inclusion criteria resulted in selection of 42 core articles for comparative analysis. Subsequently, the thematic approach to qualitative synthesis was conducted to determine major causes of conflicts, review conflict resolution strategies, and formulate management frameworks.

Findings and Comparative Analysis

The thematic literature review proves that industrial conflicts within FMCG production facilities rarely arise due to one particular event. Rather, industrial conflicts usually result from a combination of operational stress, financial problems, and poor workplace relations.

- **Main Causes of Workplace Disagreements**

The review highlights four key areas that tend to act as sources of conflict in FMCG manufacturing processes:

- **Demanding Production Targets and Fatigue from Working Rotas:** FMCG factories work on a continuous production process and three shift rota system. High demands for production targets, mandatory overtime, and insufficient breaks lead to fatigue, higher chances for error and stress among workers. This usually results in conflicts between the operators and shift supervisors.
- **Differences in Wages and Payment Issues:** Issues related to salary increments, delayed overtime payments, uncertainty in bonuses schemes, as well as wage differences between permanent and temporary workers are among the main reasons of labor unrest.
- **Strict Management Style and Lack of Communication:** Line managers trying to reach the required production levels may order employees strictly, distribute shifts inequitably, as well as react aggressively to any suggestions made by workers.
- **Delayed or Ineffective Resolution of Complaints:** If employees do not receive an adequate reaction on their complaints regarding the safety and ergonomics in the workplace, the problem may easily escalate.

- **Comparative Assessment of Resolution Mechanism**

The evaluation looked at four main dispute management mechanisms used across FMCG facilities.

Table 1: Evaluation of Dispute Resolution Mechanisms in FMCG Manufacturing

Resolution Mechanism	Operational Focus & Structure	Primary Organizational Result	Observed Efficacy
Grievance Redressal Systems (GRS)	Multi-tiered formal internal path for individual operator complaints regarding pay, conditions, or treatment.	It helps address concerns early, before they turn into formal disputes, and can reduce voluntary turnover.	High, as long as it's handled within a clear timeframe
Collective Bargaining Agreements (CBA)	A structured negotiation process between plant management and recognized worker representatives	Creates binding long-term agreements covering pay, shift schedules, and working conditions.	
Joint Consultative Committees (JCC)	A regular joint forum where management and line workers come together to discuss issues and solve problems collaboratively.	It supports shared problem-solving, improves safety, and helps build trust across the facility.	Moderate to High
Third-Party Mediation & Conciliation	External support from neutral conciliators or labor officers can be brought in when negotiations stall.	It helps resolve major collective disputes without resorting to lockouts or strikes.	This is usually a moderate approach and is typically used as a reactive measure.

Detailed Discussion and Strategic Framework

From this literature review, it is evident that the harmony of operations in FMCG production plants depends on how the organization is being governed. The plants that rely on inflexible and top-down forms of governance are likely to experience high levels of labor conflicts, high rates of absenteeism, and inconsistent performances. On the other hand, the factories that incorporate responsive approaches to conflict resolution tend to perform better.

- **Importance of Timely Grievance Processing**

One of the most notable points from the literature review is that the speed at which the grievance is addressed is almost as important as the end result. If grievances are left without attention for too long, employees tend to interpret it as a message from the firm that they do not care about their problems. In the fast-paced world of FMCGs, small things such as ventilation problems and improper shift allocations can become bigger issues very quickly. The digital tracking system, which would specify the time limit for responding to an issue, is very important.

- **Managing Equity Across Workforce Segments**

The high level of contract labor in the production process in FMCG companies is structural and has to be addressed with care. Contract laborers do similar tasks as the regular operators; however, their pay, benefits and means for addressing grievances may be limited. There is potential for conflict arising from this in the work environment. The more progressive companies are responding by including contract laborers in the basic safety representation and grievance procedures.

- **Integrated Industrial Harmony Framework (IIHF)**

Based on research in the literature, an Integrated Industrial Harmony Framework (IIHF) as follows can be developed for FMCG manufacturing plants:

- **Level 1: Proactive Engagement on the Shop Floor (Daily/Weekly)**
Conduct frequent floor meetings, safety meetings, empathic supervisors' meetings, and safety meetings to catch problems and sort them out at their very first occurrence.
- **Level 2: Formal Escalation within the Organization (Bound by Time Period)**
Adopt a three-step process of handling grievances, digitized, and response time-limited as follows: Step 1, Line Supervisor – 24 Hours; Step 2, HR Lead – 72 Hours; and Step 3, Plant Committee – 7 Days.
- **Level 3: Strategic Bipartite Dialogue (Quarterly/Annually)**
Hold collective bargaining talks and conduct transparent wage comparison and operations reviews with worker representatives.
- **Level 4: Statutory Conciliation & External Mediation**
Adopt external mediation and conciliation in order to continue plant operations amid the deadlock of negotiations.

Practical Recommendations for Management

Conflict in FMCG manufacturing industries is natural due to strict deadlines, around-the-clock shifts, and a variety of workforces employed. However, scientific literature reveals that conflicts do not necessarily shut down plant activities since their impact on performance is highly dependent on the speed, clarity, and fairness of the dispute resolution procedure.

- **Actionable Management Interventions**

- **Digitized Grievance Management Systems:** Create well-formulated, confidential, and user-friendly means for complaints with definite timelines of responses for all workers, including contractors.
- **Supervisor Interpersonal Skills Training:** Train supervisors in effective interpersonal skills and conflict de-escalation as well as proper people management.
- **Creation of Joint Consultative Committees:** Create regular meetings of Joint Consultative Committees (JCC) discussing plant safety, shifts, cafeterias, ergonomics, etc.
- **Maintain Fair Compensation Policies:** Conduct frequent reviews of the wages according to industry standards, explain criteria for bonuses and resolve overtime issues quickly.
- **Equal Working Conditions for Contract Employees:** Provide the same conditions regarding workplace safety tools and access to break rooms for contractors as well.

Practical Recommendations for Management

Friction arising out of the manufacturing process in FMCG plants is one of the operational realities resulting from high production requirements, constant shift work, and varied labor compositions. However, studies show that conflicts can be managed in such a way that they will not affect operational performance, depending on the effectiveness and speed of the process of addressing them.

Management Action Plan:

- **Create a Digital Complaint Process:** Create clearly defined and quick-response mechanisms for submitting grievances by employees, including contractual ones.
- **Train Supervisors on Interpersonal Skills:** Train supervisors working in shifts in communication, conflict de-escalation, and supportive management.

- Create Joint Safety and Operations Committee: Create and activate Joint Consultative Committees focusing on issues of plant safety, shifts' schedules, cafeteria services, and ergonomic design of the workplace.
- Keep Compensations Issues Clear: Perform regular wage surveys against the industry standards, define performance bonuses' conditions and address questions regarding the extra time worked.
- Apply Workplace Standards to Contractual Employees: Create unified safety equipment in the facility, provide access to rest areas and grievance processes.

Methodological Limitations and Future Scope

Despite the fact that this systematic review provides a holistic overview of the existing body of knowledge and structural framework, there are certain limitations of this study. First, the research is conducted on the basis of secondary information that might be subject to publication bias since it favors those management strategies that prove to be successful. Second, the different labor laws and union regulation in various jurisdictions will determine how efficient the resolution process will be.

It would be helpful to conduct some empirical research using quantitative approach, for example, Structural Equation Modelling (SEM), in order to evaluate the relationship between the speed of grievance resolution and OEE. It is also worth studying the effect of automation and AI-based scheduling on worker-management relations.

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