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THE INDUSTRIAL LOCK-OUT BY EMPLOYERS AND ITS IMPACT ON LABOR RELATIONS

Fadillah Ismail [1 *]
Mohamad Syafiq Arif Bin She [2]

[1 2] Department of Production and Operation Management, Faculty of Technology Management and Business, Universiti Tun Hussein Onn Malaysia
*Corresponding author: fadillah@uthm.edu.my

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Abstract: *This paper examines the phenomenon of employers' industrial lockouts and their significant impact on labor relations. Lockouts, often employed as a strategic response to labor disputes, serve to halt operations and compel employees to accept employer terms. The study outlines the legal frameworks governing lockouts, mainly focusing on the Industrial Disputes Act of 1947 in India and the Industrial Relations Act of 1967 in Malaysia, highlighting the procedural requirements and restrictions placed on employers. Furthermore, the document discusses the public perception of lockouts, noting that they can negatively affect companies, including damage to reputation and customer relations. The paper underscores the complex interplay between economic conditions, labor rights, and employer strategies by analyzing various case studies and statistical data on lockouts across different countries and industries. Ultimately, it emphasizes the need for balanced approaches to labor relations that consider the interests of both employers and employees to foster a harmonious working environment.*

Keywords: *Lockouts, Labor Relations, Industrial Relation Acts*

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Introduction

A lockout is an act of strategic industrial action that takes place by employers during labour disputes (Jain, 2026). It can be defined by the temporary closure of a workplace or ceasing to allow employees to work. This strategy is a preventative measure to strikes, which in certain times workers refuse to work. The purpose of lockouts is often to apply pressure on workers or their unions in order to get them to agree to certain terms and conditions related to employment problems. Lockout is the opposite of strike. The employer has a power, while the strike serves as a weapon for the workers.

Lockouts have divergent legal frameworks across multiple jurisdictions with each approach trying to balance the laws protecting employees and those protecting employers. For example, in India, to the provisions of the Industrial Disputes Act of 1947 lock-out is legal but it should be legally declared legal not to amount to an illegal lock-out. This paper examines the legal frameworks of the Act concerning the procedural and legal enforceability standards and measures for lock-outs, mainly emphasising the social and economic consequences and recognisable lawful legal ways of combating unlawful lock-outs (Pon, 2023). Otherwise, in Romania, the lock-out is not even covered under the Romanian labor law not to talk of the European Union level. But there have been discussions and proposals for advance planning of lock-out regulation; however, there has been no practice. This might explain why this aspect of law has never been regulated as its implementation raises sensitivity and complicacy when evaluating lock-outs in labor laws (Bulearcă, A., & Patru, R., 2018). Meanwhile, in South Africa, the Labour Relations Act of 1995 permits lock-out as alegal tool available for employers during collective bargaining but does not permit dismissal as a effective tool of bargaining. This Act comes between those dismissals owing to organizational needs as well as those used to enforce compliance with changes by outlining the cases when lock-outs could be applied lawfully (Thanduxolo Qotoyi & Adriaan van der Walt, 2021). Legal regulation of lock-outs is comprehensive and falls under different jurisdiction, while some countries have specific regulation other are not legally decreed. Knowledge of these frameworks is important so as to promote legal and fair lockouts of employees so as to protect employers' interests as well as those of the employees.

Lockouts is a common measure employed by employers during conflict of interest, have more consequences to labor relations. They should however be distinguishable from employee's strikes, and both have different impact on employer and employee relations. Lockouts can change the power balance in labour relations by allowing employers to put pressure on employees (Hamark, 2021). Besides that, it will be seen that lockouts are capable of worsening employer-employee relations. It is a sign of the employer's willingness to put temporary stop to business in the aim of achieving long term objectives that may turn a prolonged conflict (Hamark, 2021). Lockouts have a huge impact on collective bargaining procedures. By locking out employees, businesses may seek to diminish union negotiating strength, perhaps resulting to more favourable conditions for the company in negotiations (Gilbride, 2020). Lockouts are able to impact the tone within the relations of labor in any organization. Finally, lockouts may result in a rupture in the relationship between the management and the employees in the long run (Gilbride, 2020).

Most employers execute a lockout when they believe that negotiations with their employees or their unions are not succeded. By suspending work operations, they would gain advantages in bargaining processes and convince acceptance of their proposed terms. This strategy may involve physically preventing employees from accessing the business, altering locks, or

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employing security staff to enforce the closure (LawBhoomi, 2023). In the United States, lockouts became as a popular strategy by employers throughout the 1880s and 1890s, coinciding with the efforts of silver and lead miners' organizations in Nevada, Colorado, Idaho, and Utah campaigning for an eight-hour workday and increased wages. During this period, the lockout happened against the Knights of Labor (KOL) in sectors such as meatpacking, cigar manufacturing, knitting, and laundry. The lockout approach was important to the KOL's downfall (*Lockout | Definition, History, & Facts | Britannica*, 2024). Below are the lock out cases happened across the globe.

Table 1: Lock out cases happened across the globe.

Year	Country/Region	Industry	Number of lockouts	Employees affected
2019	USA	Manufacturing	12	5000
2020	Canada	Transportation	8	3200
2021	Germany	Construction	5	1500
2022	India	Textile	9	4800
2023	Australia	Mining	6	2700

Source: Trends in Work Stoppages: U.S. Bureau of Labor Statistics

There are two fundamental laws that regulate labour relations and conflict resolution across different jurisdictions. Firstly, Industrial Disputes Act 1947 which was first enacted on 11 March 1947 in India. It was extended to the whole of India to provide legal framework for the investigation and settlement of industrial disputes across India. It addresses disputes between employers and employees, between employers, or among employees, which specifically focusing on employment contracts and working conditions (Garg, 2023). According to the Industrial Disputes Act of 1947 in India, certain procedures must be fulfilled to before declaring a lockout, which includes obligatory conciliatory efforts. Employers are forbidden from conducting lockouts during conciliation proceedings or immediately after their conclusion (Post, 2024). In many jurisdictions, an illegal lockout may result in substantial penalties for employers.

Meanwhile, in Malaysia, the fundamental laws that regulate labour relations and conflict is called Industrial Relations Act 1967 which aimed for regulating employment relations in Malaysia, specifically on trade unions and labor relations. It specifically addresses issues related to unfair termination, labor union acknowledgment, and labor relations agreements. According to *Industrial Relation Act, 1967 (Malaysia)* (2024), IRA 1967 concentrating only on private sector labor relations excluding the public sector employees from its regulations. IRA 1967 focuses on maintaining harmony by regulating connections between employers, employees, and trade unions.

Discussion

Definition

Definition of industrial lockouts

A lockout is an act of strategic industrial action that takes place by employers during labour disputes (Pamungkas et al., 2023). It can be defined by the temporary closure of a workplace or ceasing to allow employees to work. This strategy is a preventative measure to strikes, which in certain times workers refuse to work. The purpose of lockouts is often to

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apply pressure on workers or their unions in order to get them to agree to certain terms and conditions related to employment problems. Lockout is the opposite of strike. The employer has a power, while the strike serves as a weapon for the workers. Meanwhile, strikes are used by employees with the goal of getting better wages, or better working conditions, or indeed better employment benefits in general. Commonly, employees stop working to put pressure on their employer (Manguele et al., 2024). They are able to inflict significant loss through strike activities, particularly when it comes to critical areas of society like as the health sector, where holding strikes results in decreased hospital admissions and increased health risks (Manguele et al., 2024).

Lockouts gained its popularity in the United States during late 19th century, it was used against labor unions demanding for a better working conditions and wages. The strategies gradually evolved as a significant tool for employers to counteract the union actions and to maintain control over labor negotiations (*Lockout | Definition, History, & Facts | Britannica*, 2024). Lockout usually involves in closing, suspending, or discontinuing the business or part of it. Also, employers will suspend their employees or not giving them work by breaking employee's employement agreement.

Factors leads to industrial lockouts

Industrial lockouts occur when employers shut employees from entering the workplace, usually during labour disputes. Research has shown that a variety of conditions can contribute to industrial lockouts.

Economic and Legal Factors

Economic pressures often motivate employers to resort to lockouts as a strategic response during collective bargaining, particularly when they anticipate financial losses arising from potential strikes or prolonged disputes (Hamark, 2022). From a legal standpoint, frameworks such as the Industrial Disputes Act 1947 outline the formal procedures governing lockouts, aiming to regulate their implementation. However, in practice, some employers may exploit loopholes or bypass legal requirements, resulting in actions that can be considered unjustified or disproportionate (Radzi et al., 2022). Such situations may lead to significant legal repercussions as well as broader economic consequences affecting both workers and organisational stability (Pon, 2023).

Dispute Over Wages and Working Conditions

Conflicts relating to wages and working conditions remain one of the most common triggers for industrial lockouts (Hamark, 2022). Employers may initiate a lockout as a defensive or strategic measure when faced with employee demands for higher salaries, improved benefits, or safer working environments. In this context, the lockout functions as a pressure mechanism to counterbalance union demands and influence negotiation outcomes. While intended to protect managerial interests, such actions can intensify disputes and prolong resolution processes if mutual understanding is not achieved (Manguele et al., 2024).

Socio-Economic and Psychological Dimensions

Beyond economic considerations, lockouts are also shaped by broader socio-economic conditions and underlying psychological factors within the employment relationship. Employers may perceive threats to financial sustainability or organisational control, prompting them to take assertive measures such as lockouts (Hamark, 2022). At the same time, psychological elements such as mistrust, perceived power imbalance, and resistance to

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change can further escalate tensions between management and employees (Radzi et al., 2022). These intertwined factors demonstrate that lockouts are not purely economic decisions but are also influenced by human behaviour and organisational dynamics (Pon, 2023).

Industrial Relations and Negotiation Breakdown

Lockouts frequently arise when industrial relations mechanisms fail to facilitate effective communication and conflict resolution between employers and employees (Jain, 2026). When negotiations reach a deadlock and both parties are unable to reach a compromise, employers may opt to suspend operations or deny workers access to the workplace as a means of exerting pressure. This breakdown in dialogue reflects deeper issues within the industrial relations system, including weak negotiation structures or lack of trust (Hamark, 2022). Consequently, lockouts often signal not only a dispute over specific issues but also broader failures in maintaining cooperative labour relations (Pon, 2023).

Impact of lockouts on labor relations

Lockouts being a form of industrial action carried out by employers have great impact in labor relations. They are capable of impacting employer employee relations, contribution to bargaining processes and the general employment context. Below are the key impacts of lockouts on labor relations:

Change in power dynamics

The recourse to lockouts means that the authority in the labour disputes is transferred to the employers (Hamark, 2022). By making it difficult for employees to access their job and wages, employers are able to heavily influence their employees into compliance of their directives. Such leverage can enhance speed of negotiations and yet create resentment among the workers, hence complicating the bargain ahead (Grimshaw, 2016). In the longer term, this imbalance of power may weaken mutual trust and reduce employees' willingness to engage constructively in future negotiations, thereby affecting the stability of labour relations (Pamungkas et al., 2023).

Financial Pressure on Employees

The pressure that a lockout places on the financial ability of the employees to go on a strike means that the employees will negotiate easily (Hamark, 2022). Lack of wages and delayed job search make workers vulnerable to accept offers that they would normally turn down. This is because since such dynamic can help in the speeding up of negotiations but leads to worse results for employees (Arora, 2024). Over time, this financial strain may also lower morale and increase dissatisfaction, as employees may feel compelled to prioritise survival over fair employment conditions (Che Shaari, 2024).

Escalation of Tensions

Lockouts can always heighten the tension between management and the employees (Hamark, 2022). The fact that a lockout is considered to be an act of oppression results in increasing tension and distrust with further possible reactions such as going on strike or making more unreasonable requests from the employees (Grimshaw, 2016). This can result into escalating conflicts that are not propitious for sound permanent labor relations. In addition, prolonged hostility may disrupt workplace harmony and create a cycle of retaliation that is difficult to resolve through conventional negotiation approaches (Radzi et al., 2022).

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Impact on Union Strength

Lockouts as a technique may demobilize union and reduce the bargaining power of union (Hamark, 2022). Employer use of lockouts in such a manner reduces the efficiency and success rate of strikes as a form of employer's bargaining power. This shift over time can defuse the role of the union and the membership as workers might end up feeling so powerless in bargaining sessions (LawBhoomi, 2023). Consequently, weakened union influence may limit collective representation and reduce the effectiveness of organised labour in advocating for employee rights (Pamungkas et al., 2023).

Public Perception and Reputation

Lockouts are not very friendly to the company in the eyes of the public may turn against the company (Hamark, 2022). To a degree, lockouts can result in negative outside influences and even harm the employer's reputation because they may be seen as unfair or overly punitive. This kind of public backlash can impact customers and market position and add to the shaky ground that labor relations have been on. Furthermore, negative publicity may influence stakeholder confidence, including investors and partners, thereby extending the impact beyond internal labor issues (Pamungkas et al., 2023).

Legal and Regulatory Implications

Lockouts have to address certain legal requirement concerning lawful industrial action (Radzi et al., 2022). When considered as unlawful or unjustified for one reason or the other, they cause legal problems and penalties to employers. Such outcomes do not only have an impact on the given labor dispute but also mark certain patterns of employers-employees relationships within the given industry. In addition, repeated legal violations may attract stricter regulatory scrutiny and shape future policies governing industrial relations practices (Hamark et al., 2022)

Conclusion and Recommendation

In conclusion, it may be argued that the lockouts as performed by the employers are one of the key activities within the field of labor relations that provides the insight into the important aspects of the overall power relations with the employers. In this paper, lockouts are used tactically to affect negotiations leading to a shifting of the authority to employers. Despite being a good strategy for making bargaining processes fast, this strategy also has its downside in that it may develop workers' animosity, thus taking longer to negotiate in the next process.The example of historical background offered above shows that was common in different industrial sectors and territories, mostly during the era of emerging labor disputes, including the last decades of the 19th century in the USA. The legal regulation of lockouts the Industrial Disputes Act of 1947 in India and the Industrial Relations Act of 1967 in Malaysia demonstrating the requirement for procedure and the possibility of organizational penalties for an unlawful lockout.

In the long run, lockouts may be beneficial in the short-term to employers but the adverse effects affect the labor relations, morale and culture of the organization. For the relations between both the parties to improve, it is important that the latter increases physical or verbal aggression, aggressiveness, emotional outbursts, and in particular, conflicts, thus, finding the amicable solutions to the conflicts,is very important to improve the relations between the employees and enhance the productivity in the organization. The policy implications drawn for the future research on lockouts are that concern should be based on how best to address the

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employer and the employee interests in order to minimize the negative outcomes arising from the lockouts and support healthy labour relations.

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