The employee and the employer are interdependent. The employee requires a source of income while the employer requires the employee for the production process. The two parties freely sign an employment contract which contains the terms and conditions of service of the respective employee(s). When there is willing cooperation from employees towards the achievement of the organizational goals, we can say there is good labor relations. There are many factors that can contribute to either good or poor relations. Every organization should strive to induce good labor relations and ensure industrial peace by avoiding labor unrest such as strikes, boycotts, and lockouts. This can be achieved through good communication, training in labor and human relations skills of workers, technical staff and all managerial and unionisable staff, fair attitude towards redressing of employees grievances and of supervisors' towards employees rights and establishing an atmosphere of participation through joint committees, consultations, quality circles and Collective Bargaining. The collective bargaining process is governed by the trade dispute Act, the industrial relations charter and the Kenyan constitution. The aim of the study was to investigate the factors leading to poor industrial relations in Kenya and specifically the Banking industry. The study involved the collection of data on the factors causing the poor industrial relations. The data was collected from the Human Resource Managers and the union representatives and shop stewards of at least 45 Banks that are members of the Kenya Bankers Association involved in the industrial relations. The study aims at coming up with recommendations to improve the industrial and labor relations for the benefit of all the stakeholders.