UNIT 11 : COLLECTIVE BARGAINING

UNIT STRUCTURE

11.1 Learning Objectives

11.2 Introduction

11.3 Concept of Collective Bargaining

- 11.3.1 Collective Bargaining Forms and Tactics
- 11.3.2 Characteristics of Collective Bargaining
- 11.3.3 Importance of Collective Bargaining

11.4 Approaches to Collective Bargaining

11.5 Collective Bargaining Process

11.6 Levels of Collective Bargaining

11.7 Let Us Sum Up

11.8 Further Readings

11.9 Answers to Check Your Progress

11.10 Model Questions

11.1 LEARNING OBJECTIVES

After going through this unit you will able to:

- explain different types of collective bargaining
- explain the characteristics of collective bargaining
- explain the importance of collective bargaining
- discuss the approach of collective bargaining
- discuss the process of collective bargaining

11.2 INTRODUCTION

In this unit, we have tried to acquint you with the subject matter “collective bargaining” as properly as possible. First you will get an idea about the “*Collective Bargaining Agreement”* (CBA) followed by the features of Collective Bargaining. Then you will come to know about the activities include in the collective bargaining process .The discussion also includes the nature and feature of it. You will come to know about the importance of collective bargaining in respect of employer, employee as well as the society. The three types of agreements prevailing in India in regards of the

system of collective bargaining are also mentioned in this chapter. A description about the five core steps of collective bargaining process is given in this chapter.Lastly we have suggested the name of books that you can use as reference along with the probable questions for examination purpose.

11.3 CONCEPT OF COLLECTIVE BARGAINING

Collective bargaining is a process of negotiation that takes place between the employee and employer of the organization. Here in this process, workers organize together as a union to converse and compromise with the employers regarding their work environment. Collective bargaining has specific legal meaning and thus it has got distinct inclusion in the various national labour and employment law contexts. Thus in one sense, you can say that it is an unitary fight carried on by the workers to get their demands fulfilled.

Collective bargaining can be defined as a "labour contract" because being a process of negotiation between an employer and one or more labour unions, it results in a collective agreement regarding the terms and conditions of employee's employment. In this prcoss of collective bargaining, there occurs an interaction between the employers and employees where the representatives of workers approach the employer and attempt to negotiate on a condition/situation that is agreeable to both the sides. Such condition may be the wages, hours of work, working conditions and grievance-procedures as well as the rights and responsibilities of trade unions etc. During this process of negotiation, when both the parties come into an agreeable point, then a contract is signed by them for a set period of time that is often referred as a "*Collective Bargaining Agreement"* (CBA) or a "*Collective Employment Agreement"* (CEA) and it is the specific result of collective bargaining effort.

In an organization, there you will find an union of the labours which is necessary to initiate the process of collective bargaining. Workers of the organization should be the members of labour union and agree to

abide by the rules and regulations of the union. They elect the union representatives from them who facilitates the process of negotiation through collective bargaining. Experienced people from the union will first prepare a draft of contract by taking the concern of union members where all the desires and wishes i.e demand of the employees are tried to be covered and then this draft is presented to the management of the company. Numerous meetings will be held between the representatives of employer and employees on the matters of contract until an agreeable point is reached between them. The powerful document that is the result/ outcome of this negotiative process reflects the cooperative effort of both the employer and employees. Moreover, the combined desires of all the employees as well as the limitations that the employer are bound to put in place are also reflected in this agreement. But sometimes, either the union or the employer may resort to antagonistic tactics such as strike or lockout etc in order to push the agreement through.

Collective bargaining is regarded as an excellent tool for both the employer and employees. It gives the existed labour union of the organization a chance to deal with the employer to assert the rights of workers. Moreover, it also helps the employer to take a decision by taking the concisement of employees. In this way, collective bargaining agreements set out the clear expectations for both the sides. It can be considered as a learning experience for the parties who takes part in the discussion during the process of collective bargaining as it creats an understanding between the employers and employees and akins them to the positions of each other.

Collective bargaining is a process of joint decision making which symbolizes a democratic way of life that the employees may lead in the industry. Purpose of collective bargaining is to establish a mutually agreeable conditions of employment through the process of negotiation between the representatives of firm and the workers. Discussion and negotiation are carried on under the agreed terms and conditions of both the two parties that in turn facilitates in concluding the process of collective bargaining with a positive outcome.

ILO has defined collective bargaining as, negotiation about working conditions and terms of employment between an employer and a group of employees or one or more employee, organization with a view to reaching an agreement wherein the terms serve as a code of defining the rights and obligations of each party in their employment/industrial relations with one another.

So, it is seen that collective bargaining should posses the following features :

1. Both the representatives of management and employees must take active participation in it.
2. The prime aim of collective bargaining is to bring a stable relationship between the parties involved in this process.
3. The consequence of collective bargaining must extend to the implementation of a bargaining agreement.
4. Collective bargaining is a way to maintain discipline in the industry.
5. Parties associated with the bargaining process should posses a flexible attitude so that it in turn itself makes the approach a flexible one.

11.3.1 Collective Bargaining Forms and Tactics

The collective bargaining process generally encompasses the following four types of activities-

- distributive bargaining,
- integrative bargaining,
- attitudinal restructuring and
- intra-organizational bargaining.

(I) Distributive bargaining: The bargaining process that is related with the distribution of surplus among the beneficiaries is known as distributive bargaining. The matters of concern of this bargaining are the economic issues like wages, salaries of employees and the bonus provided to them etc. In this distributive bargaining, one party gains at the expenses of

another's which is most commonly of moneytary in nature. Disputants may work hard to make the volume of moneytary benefit bigger, so that there is enough for them to have as much as they want. In general, distributive bargaining is more competitive in nature than that of others and thus it is known as conjunctive bargaining.

[II] Integrative bargaining: Neither the employer nor the employee loss from this process of negotiation between them. The bargaining may take place between the representatives of employer and employee in order to achieve a better training programme or a better job evaluation method in the organization. Here in this method, the prime aim of both the parties is to make more of something i.e. here none of the parties is in loss. A more cooperation is found to be got in the integrative bargaining than the distributive bargaining and hence it is known as "cooperative bargaining".

[III] Attitudinal restructuring: Here in this process of collective bargaining, an effort is put to shape and reshape the attitudes like trust or distrust, friendliness or hostility between the labour and management. Such a negotiation is necessary when there is a backlog of bitterness between both the parties in order to maintain smooth and harmonious industrial relations. Through this process it is tried to build up the trust and cooperation among the party members.

[IV] Intra-organizational bargaining: This type of bargaining usually takes place in an organization with an aim to resolve the various internal conflicts within it by taking the consensus of both the workers and management on such issues. Even though you will find a difference in the views of the union members as well as among the members of management . For example, skilled workers may feel that they are neglected or women workers may feel that their interests are not looked after properly. Trade unions maneuver to achieve consensus among the conflicting groups.



CHECK YOUR PROGRESS

Q.1. Mention any four types of activities generally encompass in the collective bargaining process.

i.).....

ii.).....

iii.).....

iv.).....

11.3.2 Characteristics of Collective Bargaining

- It is a bipartite process because being a group process here you will find two groups. Representatives of employers and employees sit together to negotiate on the terms of employment in this process of collective bargaining.

- The phrase “collective bargaining” itself indicates a negotiative process through which the employer and employees get a considerable scope to discuss, compromise on the topic of mutual give and take between them. Thus it can be conisered as a form of participation.

- Collective bargaining is a formalized process through which certain employment-related issues are regulated at national, organizational and workplace levels.

- Collective bargaining is considered as a process because it consists of a number of steps.

- Being a complementary process, here in this process of collective bargaining one party needs the thing that the other party has. For

example labours can increase their productivity, but in return of it management has to pay them a better remuneration.

- An improvement in the relationship among the workers on one hand while between the union and the employer on the other hand is accepted to achieve through the process of collective bargaining .

- Collective Bargaining is a continuous process that tries to make the industrial democracy an effective one because there is use of cooperation and consensus in the process of collective bargaining in order to settle the disputes rather than conflict and confrontation.

- The process of collective bargaining is influenced by the day to day changes in policies, potentialities, capacities and interests of the stakeholders etc .

- Collective bargaining can also be defined as a political activity in the sense that it can be frequently undertaken by professional negotiators too.

11.3.3 Importance of Collective Bargaining

Besides being a process of negotiation between the employers and union members, collective bargaining is also a way to resolve the labour-management conflicts. Thus, collective bargaining is considered as a system of maintaining industrial jurisprudence along with introducing civil rights in the industry. Moreover it also reveals the rules and regulations that the management should follow or abide by while managing the people in the organization rather than taking arbitrary decisions. It establishes the standard rules for the proper and smooth functioning of an organization by restricting the traditional authority exercised by the management.

Importance to employees

- Collective bargaining builds up the sense of self respect and responsibility among the employees.
- Collective bargaining increases the strength of the workforce as well as the unity among them and hence the bargaining capacity of employees as a group is also increased.
- Collective bargaining is a support effort to increase the morale and productivity of employees.
- It restricts management's freedom for arbitrary action against the employees. Moreover, unilateral actions by the employer are also discouraged.
- Effective collective bargaining is necessary for strengthening the trade unions movement.
- Collective bargaining is an important motivational tool as because it shows the workers a way to approach the management regarding their problems and bargain for higher benefits.
- It is supposed to be one of the best mechanism of handling the grievances in an organization. It provides a flexible means for adjustmenting the wages and employment conditions of employees in respose to the economic and technological changes and thereby reduces the chances of conflicts between the employees and employer.

Importance to employers

- In absence of such a bargaining process, management has to listen to the individual complaints of workers instead of their mass complaints and then the situation would be a very difficult one. But collective bargaining has made it easier for the management to

resolve the issues of employees at the bargaining level.

- Collective bargaining is a way of protecting the jobs of employees. It promotes a sense of job security among employees that makes the management free from the tension of cost of labour turnover.

- Collective bargaining not only opens up the channel of communication between the workers and management but also increases the worker participation in decision making.

- Collective bargaining is must to settle and prevent the industrial disputes in an organization.

Importance to society

- Collective bargaining is a procedure to maintain industrial peace in the country.
- By reducing the obstacles, collective bargaining tries to maintain a harmonious industrial climate in the country so that it can support and help in fostering the pace of a nation's efforts towards the economic and social development considerably.
- Collective bargaining is a way to check the discrimination and exploitation of workers regularly.
- The persons who are directly concerned about the conditions of employment are provided with a method or regulation for it.

11.4 APPROACHES TO COLLECTIVE BARGAINING

There are three elements in the system of collective bargaining:-

[1] Issues for consideration:- It is a matter of anxiety when the organization of workers are weak and they have to struggle for recognition by the employers. Under such a circumtance, they might have to fight for their union recognition as well as the union security. The issues are either

of employment related aspects of the organization or the personal matters of employee and thus it includes the matters of wages, fringe benefits, working condition as well as the promotion, transfer, discharge and dismissal etc respectively.

[2] Procedure for consideration:- The bargaining machinery and the procedure those are adopted to solve a problem may vary according to different circumstances. It is dependent upon the decision of two parties whether they ,that means, the employers or managements in one hand and the workers as well as their unions on the other hand are willing to conduct the bargaining process either by their own or by involving a third party, such as the government intervenes to bring about a settlement between them.

[3] Collective agreements and their implementaion:- Collective agreement is a type of agreement which is the outcome of the process of collective bargaining and it occurs between an employer, a group of employers or one or more employer's organizations on the one hand and one or more representative worker's organizations on the other hand.

The collective bargaining agreement may also mean a compromise between the two parties both of whom have their own own self interest. The parties are agreed to abide by the rules and regulation mentioned in the agreements as a guide to carry on their relationship on certain matters for a specified period of time.

It has been observed that in some countries, negotiations at the level of a single undertaking are preferred in view of the special conditions prevailing therein in opposite to the situation where the countries favour the negotiation at the level of industry as it tends to harmonise the working conditions as well as provide the uniform benefits to all the concern. The contents of collective agreements vary considerably from plant to plant and from industry to industry and usually covers the items that are related to the wages, working conditions, working hours, fringe benefits and the job security etc. Legally a collective agreement binds not only the parties

to it but also the persons on behalf of whom they are acting. It is always a common thing among the workers in a given undertaking that they may not belong to the union which has signed the agreements or that they are non-unionised. Therefore in a number of countries the law provides for compulsary coverage of agreements or settlements on the employers and all the employees in an establishment. There is no doubt that the proper implementation of the collective agreements as well as its afterwards monitoring are totally dependent on the good faith of the parties involved. In India, there are prevailing three types of agreements, namely:-

[i] voluntary agreements,

[ii] settlements, and

[iii] consent awards.

The type of collective agreement is known as voluntary agreement when it is the result of direct negotiation between the parties and when the parties are responsible for its implementation. Settlements are the collective agreements where you will find an intervention of government agencies. When the situation of reaching a collective agreement is that here in this case the matter of dispute is placed under the reference to industrial tribunal/court, then the collective agreement is known as consent awards.

11.5 COLLECTIVE BARGAINING PROCESS

It is known to us that collective bargaining is generally a negotiative process that goes on between the representatives of employee and employer of the organization. In this bargaining process, employees are represented as a union or other labour organization which then negotiates with the employer to determine the conditions of employment. The system of collective bargaining results out the collective bargaining agreement (CBA) that may be either of procedural agreements or of substantive agreements.

Emphasising specially on the relationship between the workers and management, this procedural agreements denote the procedures to be adopted for resolving the individual or group disputes. Here in this agreement, the procedures adopted to resolve the individual grievances, disputes as well as to maintain discipline in the industry should be cited properly. Generally, procedural agreements provide the information on the overall terms and conditions of employment and on the codes of behavior. Then the specific issues, such as basic pay, overtime premiums, bonus arrangements, holiday entitlements, hours of work, etc are covered in a substantive agreement. Agreements are usually signed for a fixed or definite period of time. Hence a procedural agreement has to be reviewed on timely when the negotiation takes place on the matter of pay and conditions of employment under the process of collective bargaining. The collective bargaining process comprises of five core steps:

1. **Prepare:** In this step of collective bargaining, first a negotiation team is formed that consists of the representatives of both the employer and employee. These representatives posses the adequate knowledge and skills for negotiation. In this phase, first both the employer's representatives and the union examine or review their own situation. Then it is followed by a stage where a decision is taken regarding the issues/ matters of concern that they believe as the most important one to be raised/ included in the negotiation process. It is also tried by the representatives to find out the justified reason for choosing the topic for discussion i.e. to negotiate. You have to keep the following things in mind when you go for choosing the issue to be discussed like —— correct understanding of the main issues to be covered and intimate knowledge of operations, working conditions, production norms and other relevant conditions etc.

2. **Discuss:** Here in this stage, a discussion goes on between the parties involved about the ground rules that they will have to follow

or abide by during the process of negotiation. The process of collective bargaining is also not excluded from the saying that a process well begun is half done. In order to reach a collective bargaining agreement first an environment of mutual trust and understanding should be created among the members of the organization.

3. **Propose:** As all we know that propose means that the initial opening statements and the possible options those exist to resolve them. So, this phase of collective bargaining process also indicated the same thing. In a word, this phase can also be described as 'brainstorming' where there takes place an exchange of messages and opinions between the parties involved in the bargaining process.

4. **Bargain:** The parties involved in the bargaining process should posses a problem solving attitude in them. Then only the process of collective bargaining will be easy one. This stage comprises the time when 'what ifs' and 'supposals' are set forth and the drafting of agreements take place.

5. **Settlement:** In this stage, a permanent settlement is achieved i.e both the parties reach to an agreeable decision where both of them concise. Both the parties sign on the consignment and agree to abide by the terms and conditions written on it. Both the parties are agreed to support the common decision taken through mutually agreeable discussion regarding the problem or issue of negotiation. They also give the comitment to support the implemention of the agreement effectively through the joint effort of employer and employees via shared visions, strategic planning and negotiated change.



CHECK YOUR PROGRESS

Q.2. Mention the five core steps of the collective bargaining process.

i.).....

ii.).....

iii.).....

iv.).....

v.) .....

11.6 LEVELS OF COLLECTIVE BARGAINING

Collective bargaining operates at three levels:

1. National level
2. Sector or industry level
3. Company/enterprise level

Economy-wide (national) bargaining may be either a bipartite or a tripartite form of negotiation between the union confederations, central employer associations and the government agencies. The basic aim of this bargaining is to provide a floor for the lower-level bargaining on the matters of employment by keeping the goals of macroeconomic in mind.

Next the sectoral bargaining aims to bring a standardization in terms of employment in one industry. It includes a range of bargaining patterns those may have either a broad or a narrow aspect. It generally covers the terms of industrial activities that may be either split up according to territorial subunits or conducted nationally.

The third type of bargaining occurs at the company and/or establishment level. It is a supplementary type of bargaining. Moreover, it emphasizes the point that bargaining levels need not be mutually exclusive.



11.7 LET US SUM UP

Probably after going through this chapter, we have acquinted well with the subject matter "collective bargaining" and its all relevent aspects. Like you have come to know about the "*Collective Bargaining Agreement"* (CBA) and the features of Collective Bargaining. Then it followed by the collective bargaining process that generally encompasses the following four types of activities-

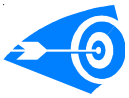
- distributive bargaining,
- integrative bargaining,
- attitudinal restructuring and
- intra-organizational bargaining.

This unit includes a subunit termed "characteristics of collective bargaining" under which you will get the nature and feature of collective bargaining. You will also come to know about the importance of collective bargaining in respect of employer, employee as well as the society. The three types of agreements prevailing in India in regards of the system of collective bargaining are also mentioned in this chapter. A detailed description about the five core steps namely- prepare, discuss, propose, bargain and settlement of collective bargaining process is given in this chapter.



11.8 FURTHER READINGS

1) Khanka, S.S. (2009). Human Resource Management, S. Chand & Company, New Delhi.
2) Chabra, T. N. (2010). Human Resource Management, Dhanpat Rai & Sons, New Delhi.
3) Pathak, R.K. (2013). Human Resource Management, Ashok Book Stall, Panbazar, Guwahati.
4) Michael, V.P. (1995). Human Resource Management and Human Relations, Himalaya Publishing House, New Delhi.



11.9 ANSWERS TO CHECK YOUR PROGRESS

Ans. to Q. No. 1

(i) Distributive bargaining

(ii) Integrative bargaining

(iii) Attitudinal restructuring

(iv) Intra-organizational bargaining

Ans. to Q. No. 2

(i) Prepare

(ii) Discuss

(iii) Propose

(iv) Bargain

(v) Settlement



11.10 MODEL QUESTIONS

1. Explain the significance and scope of collective bargaining in industry.
2. Explain the process of collective bargaining.
3. What are the characteristics of collective bargaining?

******