

Essential Conditions for Effective Collective Bargaining

Conditions necessary for effective collective bargaining are as follows:

- a) Existence of a **favorable political and social climate** is a necessary condition for effective collective bargaining.
- b) Existence of a **strong representative trade union** in the industry that believes in constitutional means for settling the disputes.
- c) Existence of a **fact-finding approach** and willingness to use new methods and tools for the solution of industrial problems. The negotiation should be based on **facts and figures** and both the parties should adopt constructive approach.
- d) Both the parties while negotiating should adopt a **problem solving**, or say **compromising attitude** to reach an agreement. Neither party should adopt an adamant or fighting aide.
- e) Existence of **strong and enlightened management** which can integrate the different parties, i.e., employees, owners, consumers and society or Government.
- f) Both employers and union leaders should negotiate in a spirit of **compromise and reciprocity**. If either of the party adopts an inflexible attitude, bargaining will not be possible.
- g) Agreement on basic objectives of the organization between the employer and the employees and on **mutual rights and liabilities** should be there.
- h) Both the employers and trade unions should **avoid unfair labor practices**. Collective bargaining is possible only in an atmosphere of mutual trust and recognition.
- i) There must be **change in the attitude of employers and employees**. They should realize that differences can be resolved peacefully on negotiating table without the assistance of third party.
- j) Keeping the controversial issues aside for the time being may help narrow down disagreement and continue the dialogue. Possibility for agreement may increase with **continuation of dialogue**.

- k) When agreement is reached after negotiations, it must be in **writing incorporating** all term of the contract.

It may be emphasized here that the institution of collective bargaining represents a fair and democratic attempt at resolving mutual disputes. Wherever it becomes the normal mode of setting outstanding issues, industrial unrest with all its unpleasant consequences is minimized.

Hindrances in Collective Bargaining

The main objective of developing collective bargaining technique is to improve the workers-management relations and thus maintain peace in industries. The technique has developed in India only after India got independence and got momentum since then.

The success of collective bargaining lies in the attitude of both management and workers which is actually not consistent with the spirit of collective bargaining in India. There are certain problems which hinder the growth of collective bargaining in India.

The following factors or activities act as hindrances to effective collective bargaining:

1. Competitive Process

Collective bargaining is generally becoming a competitive process, i.e., labor and management compete with each other at negotiation table. A situation arises where the attainment of one party's goal appears to be in conflict with the basic objectives of the other party.

2. Not Well-Equipped

Both the parties - management and workers - come to the negotiation table without doing their homework. Both the parties start negotiations without being fully equipped with the information, which can easily be collected from company's records. To start with, there is often a kind of ritual, that of charges and counter charges, generally initiated by the trade union representatives. In the absence of requisite information, nothing concrete is achieved.

3. Time to Protest

The immediate objective of the workers' representatives is always some kind of monetary or other gains, accrue when the economy is buoyant and the employer has capacity to pay. But in a period of recession, when demand of the product and the profits are falling, it is very difficult for

the employer to meet the demands of the workers, he might even resort to retrenchment or even closure collective bargaining is no answer to such a situation.

4. Where Prices are fixed by the Government

In industries, where the prices of products are fixed by the Government, it becomes very difficult for the employer to meet the demands of workers which would inevitably lead to a rise in cost of the products produced. Whereas the supply price to the consumers cannot be increased. It will either reduce the profits of the firm or increase the loss. In other words, it will lead to closure of the works, which again is not in the interest of the workers.

5. Outside Leadership

Outside leadership in the Indian trade union movement has also been a contributing factor. A large number of trade unions are dominated by outside leaders who are also active workers of one political party or the other. The rivalry and disputes of the political parties are also reflected in the trade unions. The result is that when a representative union having allegiance to one political party is recognized, the other unions affiliated to other political parties try to dislocate it and cry for their own recognition.

6. Multiplicity of Trade Unions

One great weakness of collective bargaining is the multiplicity of trade unions. In a multiple trade union situation, even a well recognized, union with long standing, stable and generally positive relationship with the management, adopts a militant attitude as its deliberate strategy.

In Indian situation, inter-union rivalries are also present. Even if the unions combine, as at times they do for the purpose of bargaining with the employer they make conflicting demands, which actually confuse employer and the employees.

7. Appointment of Low-Status Executive

One of the weaknesses of collective bargaining in India is that the management deposes a low-status executive for bargaining with the employees. Such executive has no authority to commit anything on behalf of the management. It clearly indicates that the management is not at all serious and the union leaders adopt other ways of settling disputes.

8. Statutory Provisions

The constraints are also imposed by the regulatory and participative provisions as contained in the Payment of Wages Act, the Minimum Wages Act, and Payment of Bonus Act etc. Such provisions are statutory and are not negotiable.

9. Restrictions on Strikes and Lock-outs

In collective bargaining, right to strike and lock-out is considered essential as the last weapon in the armory of workers and employees, respectively. Collective bargaining without this right has little significance. In India, certain restrictions have been imposed on the exercise of this right under the Industries Disputes Act, 1947, state industrial relations laws and also occasionally, enforced Essential Services Maintenance Act.

10. Fresh Demands at the Time of Fresh Agreement

At the time when the old agreement is near expiry or well before that, workers representatives come up with fresh demands. Such demands are pressed even when the industry is running into loss or even during the period of depression. If management accepts the demand of higher wages and other benefits, it would prefer to close down the works.

11. Agreements in Other Industrial Units

A prosperous industrial unit in the same region may agree with the trade unions to a substantial increase in wages and other benefits whereas a losing industry cannot do that. There is always pressure on the losing industries to grant wages and benefits similar to those granted in other (relatively prosperous) units in the same region.

12. Other Factors

Some other factors inhibiting the growth of collective bargaining in India have been inadequacy of education among workers, unwillingness on the part of many employees to part with their freedom and to sit along with their workers on the bargaining table, poverty of the workers and masses, and inadequate capacity of the industry to pay.

Despite these hindrances, collective bargaining has increasingly acquired a prominent place in the industrial relations in the country. The policy of privatization and liberalization is likely to give it a boost in coming years.