

COLLECTIVE BARGAINING

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Concept and Meaning

- ✓ The term collective bargaining is made up of two words, 'collective' – which means a 'group action' through representation and 'bargaining', means 'negotiating', which involves proposals and counter-proposals, offers and counter-offers.
- ✓ According to the **Encyclopedia of Social Sciences** "Collective bargaining is a process of discussion and negotiation between two parties, one or both of whom a group of persons is acting in consent. The resulting bargain is an understanding as to the terms and conditions under which a continuing service is to be performed. More specifically collective bargaining is a procedure by which employers and a group of employees agree upon the conditions of work."
- ✓ Employees are normally represented by a labor union during collective bargaining. The terms negotiated during collective bargaining can include working conditions, salaries and compensation, working hours, and benefits. The goal is to come up with a collective bargaining agreement through a written contract.
- ✓ According to the **International Labour Organization**, collective bargaining is a fundamental right for all employees to meet, harmonize and uniformly negotiate their basic rights and interests with their employer.
- ✓ When such right is combined with a strong freedom of association, sound collective bargaining practices ensures that employers and workers have an equal voice in negotiations and that the outcome of such negotiations will be fair and equitable. Collective bargaining

allows both sides to negotiate a fair employment relationship and prevents costly labour disputes.

- ✓ Collective bargaining is a bipartite process, employers and employees are the only parties involved in the bargaining process. There is no third party intervention. The conditions of employment are regulated by those directly concerned. Collective bargaining is only that activity which is carried out between employers and their employees collectively.

Importance of Collective Bargaining

1. Collective bargaining develops better understanding between the employer and the employees: It provides a platform to the management and the employees to be at par on negotiation table.

As such, while the management gains a better and deep insight into the problems and the aspirations of the employees, on the one hand, the employees do also become better informed about the organizational problems and limitations, on the other. This, in turn, develops better understanding between the two parties.

2. It promotes industrial democracy: Both the employer and the employees who best know their problems, participate in the negotiation process. Such participation breeds the democratic process in the organization.

3. It benefits the both-employer and employees: The negotiation arrived at is acceptable to both parties—the employer and the employees.

4. It is adjustable to the changing conditions: A dynamic environment leads to changes in employment conditions. This requires changes in organizational processes to match with the changed conditions. Among

other alternatives available, collective bargaining is found as a better approach to bring changes more amicably.

5. It facilitates the speedy implementation of decisions arrived at collective negotiation: The direct participation of both parties, the employer and the employees, in collective decision making process provides an in-built mechanism for speedy implementation of decisions arrived at collective bargaining.

Process of Collective Bargaining

1. Preparation for negotiation

- ✓ Management should decide when and how to open the negotiations/ dialogue.
- ✓ Management should choose the representatives.
- ✓ Drafts for likely discussion should be prepared in advance.
- ✓ The union should collect the information related to the financial position of the company and their ability to pay.
- ✓ The union must be aware about the various practices followed by other companies.
- ✓ The union must assess the attitude and expectations of the employees on the concern issues.

2. Identifying issues for bargaining

- ✓ Wage related issues (wages, salary, DA, incentives etc.)
- ✓ Supplementary economic benefits (pension plan, gratuity plan, accident compensation, health insurance plan, paid holidays etc.)
- ✓ Administrative issues (seniority, grievance procedures, employee health and safety measures, job security and job changes etc.)

3. Negotiation

- ✓ Two types of negotiation:
- ✓ –Boulwarism: It refers to a negotiation tactic invented by Lemuel Boulware, the former VP of General Electrics. The term is also commonly referred to as ‘Take-it or Leave-it’. In this method the management themselves takes the initiatives to find out thorough comprehensive research and surveys the needs of the employees. Based on the analysis of the findings, the company designs its own package based on the issues to be bargained.
- ✓ –Continuous bargaining: Involves parties to explore particular bargaining problems in joint meetings over a long period of time.

4. Initial negotiated agreement: When two parties arrived at a mutually negotiated agreement either in the initial stage or through overcoming negotiation breakdown, the agreement is recorded for finalization after ratification.

5.Ratification of agreement: It can be done either by the appropriate manager authorized for the purpose in the case of management or trade executives in the case of employees. Ratification is also required by the industrial dispute act.

6.Implementation of agreement : The agreement must be implemented according to the letter and spirit of the provisions made by the agreement agreed by both the parties. The role of the HR manager is very crucial here.

Necessary Conditions for Effective Collective Bargaining

1. Favourable Political and Social Climate:

- ✓ That existence of a favourable political and social climate is a necessary condition for effective collective bargaining, is well confirmed by the history of collective bargaining worldwide.
- ✓ Collective bargaining has made head-ways in settling industrial disputes in the countries where it has been duly supported by the government and favoured by the public.
- ✓ From this point of view, the political climate has not been much favourable for collective bargaining in India.
- ✓ The reason is not far to seek. There has been a multiplicity of trade unions in the country sponsored by different political parties. These trade unions favour employees not based on the merit of issues involved in disputes but based on their differing political considerations. Added to these is a plethora of legal laws also creating unfavourable climate for collective bargaining in the country.

2. Trade Unions:

- ✓ Like in a democratic country like ours, employees should have fundamental rights to form trade unions for protecting their interests.
- ✓ More the stronger the trade union, the more effective collective bargaining and vice versa. The employer should also recognize a trade union and its representatives.

3. Problem Solving Attitude:

- ✓ 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 attitude.

- ✓ The negotiating teams should follow give and take approach. It means that one party may win concessions over the other depending upon their relative strengths.

4. Availability of Data:

- ✓ Data and information serve as inputs for decision-making. Hence, the availability of required data serves as a pre-requisite for successful collective bargaining.
- ✓ While the employer has available data required for collective discussion, their union representatives also must accept and trust on data supplied by the employer.

5. Continuous Dialogue:

- ✓ Collective bargaining sometimes may not reach to an agreement. Instead, there may be deadlock, or say bargaining impasse. In such case, dialogue must not end but continue with problem solving approach.
- ✓ 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.

THANK YOU

