



Collective Bargaining: Meaning, Objectives and Importance

Meaning:

Collective bargaining is a process of negotiating between management and workers, represented by their representatives for determining mutually agreed terms and conditions of work which protect the interest of both workers and the management.

According to Dale Yoder, "Collective bargaining is essentially a process in which employees act as a group in seeking to shape conditions and relationships in their employment".

Michael J. Jucious has defined collective bargaining as "a process by which employers, on the one hand, and representatives of employees, on the other, attempt to arrive at agreements covering the conditions under which employees will contribute and be compensated for their services".

Thus, collective bargaining can simply be defined as an agreement collectively arrived at by the representatives of the employees and the employers. By collective bargaining we mean the 'good faith bargaining'. It means that proposals are matched with counter proposals and that both parties make every reasonable effort to arrive at an agreement. It does not mean either party is compelled to agree to a proposal. Nor does it require that either party make any specific concessions.

Why is it called collective bargaining?

It is called “collective” because both the employer and the employee act collectively and not individually in arriving at an agreement. It is known as ‘bargaining’ because the process of reaching an agreement involves proposals and counter proposals, offers and counter offers.

Objectives:

The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment.

This major objective of collective bargaining can be divided into the following sub-objectives:

1. To foster and maintain cordial and harmonious relations between the employer/management and the employees.
2. To protect the interests of both the employer and the employees.
3. To keep the outside, i.e., the government interventions at bay.
4. To promote industrial democracy.

Importance:

The need for and importance of collective bargaining is felt due to the advantages it offers to an organisation.

The chief ones are as follows:

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 organisational 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 organisation.

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 organisational 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.

What does the Collective Bargaining Process Provide?

Collective bargaining process provides:

The collective bargaining process provides a platform to establish a common set of concepts and attitudes for both the parties. Collective bargaining is a rule-making and goal-directed process.

Yoder identifies two major phase of collective bargaining process the negotiation phase and the contract administration phase. The negotiation phase involves the bargaining and establishment of contract terms, while the contract administration relates to application and interpretation of these terms.

Negotiation is a process of advancing proposals, discussing and criticizing them, explaining and exploring their meaning and effects, seeking to secure their acceptance and making counter-proposals or modifications for similar evaluation.

Negotiation may be positive or negative. In positive negotiation, the management tends to advance its own proposals, while in the negative procedure it waits to see what the union will propose.

Contract administration relates to putting the signed agreement into effect. Union officials and the industrial relations officers should interpret the items to all participants in the organisation. Collective bargaining forms a rational process where the parties are persuaded to change their original positions in the light of the facts and arguments given by the opposite group. Attempts are made to resolve differences of opinion by a thorough analysis and request for logical argument.

According to Dunlop and Healy, collective bargaining process involves three elements-bargaining demands, the deadline or threat of strike or lockout and changing positions to reach an agreement. Contract demands made by either group are usually initiated by several individuals including union members and heads of the departments.

Frequently, conflicting issues are settled through a threat of strike or lockout at the last minute. It may be due to the fact that both the groups were far apart at the beginning of negotiations. The threat of strike or lockout compels each group to re-examine its offers of settlement. The deadline also tends to remove the element of bluff used in negotiations.

Finally, the groups starting at divergent points should change their positions if they intend to reach an agreement. Changing position forms the heart of the collective bargaining process. At long last, the memorandum agreement is reduced to contract language.

What are the Important Types of Strikes in Collective Bargaining?

Important types of Strikes in Collective Bargaining are mentioned below:

The right to strike is recognised in all democratic societies. Some of the important types of strikes are mentioned here.

To begin with, there is economic strike which involves the use of the union's power over its members to secure economic advantages, e.g. wages, bonus, retirement benefits, sick leave etc. A general strike, on the other hand, is a strike in which all trade unions strike at the same time, thereby completely dislocating the economic life of a country.

When a trade union which is not concerned in a dispute, calls a strike in support of another union whose members are on strike, it is known as a sympathetic strike. An unofficial strike is one in which the employees of a particular firm go on strike without the support of their trade union. It is also known as outlaw strike.

A flash strike (or wild-cat strike) is initiated by a group of workers in violation of a contract and without warning. A sit-down strike is one in which strikers do not leave their place of work but remain in the plant and in control of production facilities.

A slow-down strike, also known as 'go-slow' is not really a strike in the usual sense as workers do not cease work. Workers do not

leave their work; they merely limit output while remaining on the job.

Since the right to strike is the ultimate weapon in collective bargain, the two go together like love and marriage. Although the strike does not inevitably accompany bargaining, its availability as an instrument of pressure is an important condition of collective bargaining. Unions resort to it when all other techniques have failed.

Management and union negotiators reach agreement on the terms proposed by one party and is considered to be more advantageous by the other party than disagreement on those terms.

Since a strike hurts management by stopping production and workers by cutting off their wages, neither party is apt to reject terms proposed by the other without serious considerations. Acceding to the proposals of the other party usually involves a cost, but so does a strike which may be brought on by refusing to accede. The two costs must be balanced.

As long as strike threatens greater loss to at least one of the parties if it disagrees than if it agrees with the other's demands, there is reason for them to settle.

Without such a threat they may continue to disagree indefinitely and never bargain seriously. The right of management to disagree to union terms in the face of strike threats is quite as important as the right of unions to use strikes to gain concessions.

Thus, though collective bargaining need not always result in strikes, the possibility or threat of strikes is a necessary condition for collective bargaining. As a matter of fact, public policy has encouraged collective bargaining partly in the hope that the burden of strikes and their accompanying losses might be reduced.

Necessary Conditions for Effective Collective Bargaining

The five conditions necessary for effective collective bargaining are as follows:

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 headways 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.

Stages Involved in Bargaining Process

The five stages involved in bargaining process are as follows:

1. Pre-negotiation:

This is the first stage involved in a bargaining process is also known as 'preparation for negotiation'. In other words, it refers to homework for negotiation. That the pre-negotiation stage of the bargaining process is vital is duly confirmed by the fact that "up to 83 per cent of the outcomes of the negotiations are greatly influenced by pre-negotiation stage". Both parties, i.e., the management and the workers need to make preparation for bargaining. This is discussed separately as follows:

Preparation by the Labour Union:

The labour union also needs to collect data on relevant aspects of organisation to facilitate its negotiating power and tactics. It should be aware of its contracts with other companies, the practices followed by other companies in the same region, and so on. Employees expectations over various issues should also be assessed in order to avoid their resistance to the agreement arrived at with the management. Due care should also be taken in selecting negotiator representatives of the Union.

Negotiators:

On the union side, the team approach is customarily used. The team may consist of business agents, some shop stewards, the president of the local union, and when the negotiation is vital, the president of the national union.

Negotiation:

Once the first two stages are completed, both the parties come to the negotiation table at a time and place for this purpose. Customarily, negotiation process starts by the union representatives delivering an extravagant and long list of demands. Expectedly, the initial response from the management is usually as extreme as that of the union. The management counters the

union demands by offering little more than what was agreed in the previous contract.

This tug of war goes on from both the sides. In the process, each party assesses the relative priorities of the other's demands. This takes them in a situation when attempt is made to get management's highest offer to approximate the lowest demands that the union is willing to accept.

Thus, each group compromises by giving up some of its demands so that an agreement can be arrived at when they actually arrive at an agreement; this is converted into a written contract. In case, both parties do not reach to any agreement, then it is called deadlock or breakdown or bargaining impasse.

Agreement or Contract:

After both parties have arrived at an informal agreement either in the normal/initial process or through overcoming bargaining impasse, it is written. The written form of the agreement usually consists of the terms and conditions of agreement, the date from which it comes into effect, the duration for which it will remain in operation and the names of the signatories of the agreement. The agreement so prepared is then sent to the labourers and management for its ratification and approval. The representatives of both the parties may not have ultimate authority to decide some issues referred to collective bargaining and included in the agreement. These need to be ratified by both the parties.

The agreement becomes official once approved, ratified, and signed by labour and management representatives.

The collective agreement is variously known as "labour contract".

Union members and members of management all receive copies of the agreement or contract. The agreement stipulates in formal terms the nature of the relationship between labour and management for the ensuing period of time as agreed in negotiation.

Implementation of Agreement:

Once an agreement is ratified and approved, what next remains left is its implementation. The way it will be implemented is indicated in the agreement itself. The agreement must be implemented with full magnanimity in terms of its letter and spirit by both the parties from the date of its operation as mentioned in the agreement.

One of the most important elements involved in agreement implementation is spelling out of a procedure for handling grievances arisen out of collective agreement. In practice, almost all collective- bargaining agreements contain formal procedures to be used in resolving grievances over the interpretation and application of the agreement. Hence, the grievances, if any, need to be resolved accordingly.