

Collective Bargaining

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Abstract: A stable and effective industrial relations system is vital for the economic and social development of any country. It is on this foundation that sustained economic growth with equitable distribution of income, especially to labour, can be achieved. In turn, collective bargaining, which is an integral component of industrial relations, is essential if sustained economic growth is to be achieved with equitable distribution of income, but also constitutes a dynamic process between employers and workers for settling their disputes relating to wages and other terms and conditions of employment based on the bargaining strength available to each side. In other words, collective bargaining is a means to improve the terms and conditions under which workers are engaged, promote their socioeconomic interests and maintain industrial harmony. Its objective is to conclude a collective agreement in writing between an employer or employers' union on the one hand and a trade union on the other, fixing the terms and conditions of employment or the relations between such parties for a specific duration. It provides, therefore, a written guarantee for stable and harmonious industrial relations for the specified period.

Introduction

Collective bargaining is a process in which representatives of two groups (employers and employees) meet and attempt to negotiate an agreement which specifies the nature of future relationship (pertaining to employment) between the two. According to Beach, "Collective Bargaining is concerned with the relations between unions representing employees and employers (or their representatives). It involves the process of union organization of employees; negotiation, administration and interpretation of collective agreements covering wages, hours of work and other conditions of employment; engaging in concerted economic action and dispute settlement procedures. The essence of collective bargaining is bargaining between interested parties and not a decree from outside parties. The degree to which collective bargaining is substantive is influenced by the general context of the industrial relations system, and in particular by factors such as the nature and structure of the bargaining unit; the trade union's competence to negotiate and its interest in negotiating specific issues; the economic and general political climate; economic capacity on the employer's side and the room for maneuver the law grants to the social partners. All these factors may come into play favorably in collective bargaining, and this renders the collective agreement a highly dynamic and reciprocally useful instrument for employers and workers. It is strictly a system of establishing and enforcing rules and regulations by both management and trade union for mutual benefits. It works well only where both the parties participate with the spirit of give and take.

According to John T. Dunlop, the term collective bargaining connotes multiple meanings. "Collective bargaining is

- A system which establishes, revises and administers many of the rules which govern the workers' place of work;
- A procedure which determines the quantum of compensation which employees should receive and which influences the distribution of economic benefits;
- A method of settling disputes during the pendency of agreement and of determining, after its expiry, whether a dispute should be reopened or whether a strike or a lock-out should be resorted to or not.

Collective bargaining may broadly be classified in two categories:

- Single-employer bargaining
- Multi-employer bargaining

Single employer bargaining takes place between one company and either one union or more than one unions where there are several unions at different plants.

Multi-employer bargaining signifies collective bargaining between the employers' federation and the workers of an industry represented by the federation of all the trade unions. This type of bargaining may take place at local, regional or industry level.

Collective Bargaining v/s Joint Consultation

In collective bargaining, the object is to arrive at an agreement on wages and other conditions of employment about which the parties start with divergent viewpoints but ultimately attempt to make a compromise. As soon as the bargain is made, the terms of the agreement are put into operation. On the other hand, the major task of joint consultation such as joint councils relates to the sharing of information and suggestions with regard to issues of common interest including health, safety, welfare and productive efficiency. Although the results of this course of activities may be in the form of recommendations, the ultimate decision remains with the management. Even in situations where there is some similarity between these recommendations and parts of a collective agreement, the joint councils largely depend upon co-operation stemming from common interests while the collective bargaining emphasizes reconciliation of divergent interests or demands.

Features of Collective Bargaining

The main features of collective bargaining are as follows:

- It is a collective process: The representatives of both the management and the employees participate in it.
- It is a continuous process: It establishes regular and stable relationship between the parties involved. It involves not only the negotiation of the contract, but also the administration or application of the contract also. It means that bargaining is a day-to-day process. It would be a mistake to assume that collective bargaining begins and ends with the writing of the contract. Actually that is only the beginning of collective bargaining.
- It is a flexible and dynamic process: The parties have to adopt a flexible attitude throughout the process of bargaining.
- It is a method of partnership of workers in management: It is in fact a way to establish industrial democracy.
- It is based on give and take approach and not in take or leave approach.
- It is an attempt in achieving and maintaining discipline in industry.
- It is an effective step in promoting industrial jurisprudence.

Subject-Matter of Collective Bargaining

According to Ghosh and Nath, the issues covered in the collective bargaining are recognition of union, wages and allowances, hours of work, leave and festival holidays, bonuses and profit sharing schemes, seniority, rationalization and issues relating to the fixation of workloads and standard labour force, programs of planning and development influencing workforce, issues relating to retrenchment lay-off, victimization for trade union activities, provident fund, gratuity and other retirement benefit schemes, incentive schemes, housing and transport facilities, issues relating to discipline and shop rules, grievance procedure, working conditions and issues related to safety and accident prevention, occupational diseases and protective clothing, employee benefits such as canteens, rest rooms, medical and health services, and crèches, administration of welfare funds, co-operative thrift and credit societies and educational, recreational and training schemes.

Importance of Collective Bargaining

Importance to employees:

- Collective bargaining develops a sense of self-respect and responsibility among the employees.
- Collective bargaining increases the strength of the workers. Their bargaining capacity as a group increases.
- Collective bargaining increases the morale and productivity of employees.
- It restricts management's freedom for arbitrary action against the employees. Unilateral actions by the management are discouraged.
- Effective collective bargaining, machinery strengthens the trade union movement.

Importance to employers:

- The workers feel motivated as they can talk to the employers on various matters and bargain for higher benefits. As a result, their productivity increases.
- It is easier for the management to resolve issues at the bargaining table rather than taking up complaints of employees individually.
- Collective bargaining promotes a sense of job security among the employees and thereby tends to reduce cost of labour turnover to management, employees as well as society at large.
- Collective bargaining opens up the channels of communication between the top and bottom levels of the organization which may be difficult otherwise.

Importance to society:

- Collective bargaining leads to industrial peace in country.
- Collective bargaining results in the establishment of a harmonious industrial climate which supports the pace of a nation's efforts towards economic and social development since the obstacles to such development can be largely eliminated or reduced. As a vehicle of industrial peace or harmony, collective bargaining has no equal.
- It builds up a system of industrial jurisprudence by introducing civil rights in industry and ensures that management is conducted by rules rather than by arbitrary decisions.
- The exploitation of workers by the management is checked.
- Collective bargaining is a measure to distribute equitably the benefits derived from industry among all the participants including the employees, the unions, the management, the customers, the suppliers and the public.

Types of Collective Bargaining

Conjunctive Bargaining- Usually issues related to economic benefits are discussed in this type of bargaining. Meeting where management wishes to increase the work-load or reduce the wages and the union expects increase in wages or bonus, etc. can be regarded as conjunctive or distributive bargaining.

Co-operative Bargaining- When the industry is in difficulty, namely, economic crises, shortage of power or raw materials, overstaffing, etc. both the parties would sit together and reach an amicable solution.

Productivity Bargaining- It is usually initiated by the management to make the workers contribute to higher productivity. By giving them incentives or encouragements, the management can make the workers work hard and attain prescribed standards which would help increased productivity and ensure extra benefits to the workers.

Composite Bargaining- In this, workers not only demand high wages but also express their concern over working conditions, environmental issues, recruitment and training policies, employment level, pricing policy, procedures to be followed while giving contracts and sub-contracts and decisions on expansion. Closure, merger or amalgamation with another company in order to protect the interest of the workers is viewed as a struggle between two opposing powers which is smoothed by the compromises. Compromise represents a state to which each side is prepared to descend from the original stand.

Collective Bargaining in India

Collective bargaining at the national level is not very popular in the private sector in India. However, it does take place in the public sector. Bargaining at the company or plant level is quite popular in both the private and public sector enterprises. The duration of agreement is long-term ranging from three to five years and has the advantage of stability in labor-management relations. The scope in Indian collective agreements is much wider than in the national agreements arrived at in Western countries. On the whole, collective bargaining has proved to be feasible and effective, and it has achieved an appreciable amount of success in India.

The Unorganized Sector

The unorganized sector in India is broadly characterized as consisting of units engaged in the production of goods and services with the primary objectives of generation of employment and incomes to the persons producing the goods and services. Home-based workers, street vendors, agricultural labourers, and other miscellaneous help providers constitute the unorganized sector of the economy. These units typically operate on a small scale and at a low level of organization with little or no division between labour and capital as factors of production. Home-based workers are engaged in the making of products like incense sticks, ready-made garments, artisanal items, embroidery, food item preparation, kites, home decoration material, etc. Street vendors include vegetable sellers, fruit merchants, and handcart pullers, who sell toys, garments, and miscellaneous household items. The labourer category consists of farm labourers and those processing in homes, engaged in agro-product, household aids, etc. The unorganized sector provides income-earning opportunities for a large number of workers. In India, 93 per cent of the workforce obtains its livelihood from the unorganized sector. Collective bargaining rarely occurs in the unorganized sector. In several cases, bipartite collective agreements in the unorganized sector have provided for lower wages than the 85 applicable minimum wages. Where such agreements were entered into through conciliation and/or registered with the appropriate government authority, the labour commissioners concerned are expected to ensure that the wages, benefits and other conditions are not lower than the applicable minimum wages and other standards laid down in the labour laws.

Conclusion

In summing up, the accent should be placed on five essential areas of interest (a) workers can decide which union can represent them without ever belonging to a union; (b) workers can enjoy the benefits of collective bargaining as “free riders” without joining a union/paying union dues; (c) unions can enjoy collective bargaining rights without the support of the rank and file; (d) even where it is mandatory to bargain with management, it is possible to strike deals with minority unions; and (e) through collective bargaining, workers’ interests can be further divided by offering more to the shrinking “core” workers who do less, leaving less to the growing numbers of workers in the unorganized “peripheries” who do more. Collective bargaining by itself is not the goal. It is a skill-based organized effort and a powerful tool that leads to poverty alleviation and women’s empowerment. Workers from successful unions have a significant role to play in enhancement of unionized efforts. Such workers can directly contribute to improving effectiveness of collective bargaining and capacity building. Effective collective bargaining is not just limited to employees’ initiatives. Employers and government officials also have a role in the process. Therefore, their education and exposure assume equal importance. Achieving this is a real change. Initiating collective action in an unknown territory should be seen as a normal feature in collective bargaining. Involvement of government officials and political leaders is a complicated issue; workers have to gain knowledge and skill to be able to involve them. For sustainable collective bargaining, it is necessary to sustain motivation and interest in the process of negotiations. From this perspective, it is necessary that leaders are developed from the grassroots level workers. Collective bargaining requires a lot of strategizing. This strategizing needs to be done in the participatory process with the workers. Collective bargaining offers a distinct advantage over other methods of introducing changes, such as amendments of work contracts or unilateral decisions by employers.

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