

**Q.1. What is meant by collective bargaining? Discuss the scope of collective bargaining in Indian reference.**

**OR Discuss the important features of collective bargaining. What are the needs and importance of collective bargaining?**

**OR Define collective bargaining. Discuss the nature and process of collective bargaining.**

**Ans.**

### **CONCEPT OF COLLECTIVE BARGAINING**

Industrial peace and harmony are essential for the economic and industrial development of a country. Industrial peace and harmony can be achieved only if there are healthy industrial relations in the country, which can be developed in an industry only if the industrial disputes are settled at the earliest. With the growth of trade unions, a device of collective bargaining has been evolved to settle industrial disputes between two parties by negotiations without any help of third party. Thus, collective bargaining is a system and technique of resolving an industrial dispute through negotiations between employers and the representatives of employees without any help of an arbitrator.

As the name denotes, the phrase *collective bargaining* is made up of two words – collective, which implies group action through its representatives and bargaining, which suggest haggling and/or negotiating. Thus the combined phrase implies collective negotiation of a contract between the management's representatives on the one side and those of the workers on the other. In collective bargaining, a give-and-take principle is involved, because a rigid, hard or inflexible position does not make for a compromise settlement.

Collective bargaining is concerned with the relations between employers acting through management and organized labour. With the growth of trade unions, a device of collective bargaining has been evolved to settle industrial disputes

between two parties by negotiations without any help of a third party. Thus collective bargaining is a system and a technique of resolving an industrial dispute through negotiations between employers and the representatives of employees without any help of an arbitrator.

In India, the first collective bargaining agreement was concluded in 1920 at the instance of Mahatma Gandhi to regulate labour-management relations between a group of employers and their workers in the textile industry in Ahmedabad.

Some of the important definitions of collective bargaining are as follows:

*Fred Whitney*, "Collective Bargaining is a means of joint determination of the terms of employment."

*Michael J. Jucius*, "Collective bargaining refers to 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."

*Edwin B. Flippo*, "Collective bargaining is a process in which the representatives of a labour organization and the representatives of the business organization meet and attempt to negotiate a contract or agreement which specifies the nature of the employee-employer union relationship."

*V. Agnihotri*, "Collective Bargaining is a technique for the fulfilment of the needs and objectives of workers and employers as an integral part of industrial society. It is, in fact an extension of the principles and practices of democracy to industry. It is a dynamic process and is constantly expanding."

*Encyclopedia of Social Services*, "A process of discussion and negotiation between two parties one or both of whom is a group of persons acting in concert. The resulting bargain in an undertaking as to the terms and conditions under a continuing service is to be performed."

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

*L. G. Reynolds*, "Trade Unions try to advance the interests of their members mainly by negotiating agreements usually termed 'union contracts' or 'collective agreements' with employers. The process by which these agreements are negotiated, administered and enforced are included in the term 'Collective Bargaining.'"

On the basis of analytical study of above definitions, it can be concluded that collective bargaining is a technique for the fulfilment of needs and objectives of both the employees and employers. Under this technique, representatives of employees enter into negotiations with employers as a bargaining unit for the purpose of reaching an agreement on the terms and conditions of employment.

### NATURE OF COLLECTIVE BARGAINING

Following points may be explained as the nature of collective bargaining:

1. Collective Bargaining is an enterprise that regulates labour management and labour markets.
2. Collective Bargaining determines the preferences in the process of bargaining.
3. Collective Bargaining expresses the relations of power between the organisation of employees and that of employers.

## SCOPE OF COLLECTIVE BARGAINING

Following issues are included in the scope of collective bargaining:

- (i) Recognition of labour unions. (ii) Hours of work. (iii) Leaves and holidays.
- (iv) Wages and allowances. (v) Seniority. (vi) Bonus (vii) Profit sharing scheme.
- (viii) Issues related with regularising temporary workers. (ix) Issues related with allocation of work. (x) Issues related with rationalisation. (xi) Issues related with lay-off and retrenchment. (xii) Personnel planning and development programmes. (xiii) Schemes of benefits after retirement. (xiv) Grievance handling procedure. (xv) Discipline and code of discipline. (xvi) Incentive schemes. (xvii) Working conditions. (xviii) Issues related with the safety and security of job. (xix) Industrial hazards and protection against these hazards (xx) Loan committees for providing economic assistance to the workers. (xxi) Facilities of education and training.

## NEED AND IMPORTANCE OF COLLECTIVE BARGAINING

Collective bargaining is a device, which develops a system for the settlement of industrial disputes. The need and importance of collective bargaining may be explained as under:

**1. From management's point of view:** Main object of management is to get the work done through and with others. The work is get done in the manner that maximum production may be obtained at minimum cost, in minimum time, so that the organisational objectives may be achieved and a high rate of profits may be earned. To achieve this object, it is necessary that the employees of the enterprise should co-operate with their officers and managers. Collective bargaining is an important device to get such co-operation. Collective bargaining helps in reducing labour problems to the minimum and in maintaining cordial relations between labour and management.

**2. From the trade union's point of view:** Trade unions work for maximising the opportunities of employment, for maintaining security of job, for providing better working conditions and for providing higher remuneration. Collective bargaining is an important device in the hands of trade unions to achieve these objects. Bargaining power of an individual employee is very poor but when they are united, their bargaining power increases very high and they can get most of the works done for the welfare of employees.

**3. From the government's point of view:** Government wants that both the employers and employees should implement the labour legislation of the country effectively. Effective implementation of labour legislation helps in promoting industrial peace and progress. Collective bargaining is an important tool in the hands of Government.

Thus, it may be concluded that collective bargaining is important for all; the employees, employers and the Government. In brief, the importance of collective bargaining can be explained as under:

1. The system of collective bargaining is helpful in the settlement of a large number of disputes. It creates an atmosphere in which all the activities of an industrial enterprise go on smoothly.

2. The system improves the economy as well as economic conditions of workers.

3. The system develops the feeling of self-confidence and responsibility among employees.
4. The system is helpful in determining fair rate of wages.
5. The system improves both the production and productivity of the enterprise. It increases the profit of the enterprise.

### PROCESS OF COLLECTIVE BARGAINING

Different stages of the process of collective bargaining are as under:

**1. Pre-negotiation Phase:** This is the stage before starting collective bargaining. At this stage, the management wants to estimate the power and capacity of labour unions. At this stage, all the relevant data, information and figures are collected so that the stage may be prepared for negotiation.

**2. Selection of Negotiators:** Both the management and labour unions select their representatives who will take part in negotiations from their side. Only such persons are selected as negotiators who are fully acquainted with the problems on which negotiations are going to be held.

**3. Strategy of Bargaining:** Management should decide the basic strategies and policies that will be followed at the time of bargaining with employees. Everything must be made clear before going to the bargaining table. In addition to this, the management should get due powers to enter into agreements with workers. Similarly, labour unions should also determine the strategies on the basis of which they will take part in negotiation.

**4. Tactics of Bargaining:** The technique of collective bargaining depends upon the principle of 'Give And Take'. Both the parties try to get more than they sacrifice. All the aspects of contracts are discussed in details. After this, the decisions are revalued and reviewed. The services of Government mediators can also be used, if required.

**5. Contract:** Fifth stage of the process of collective bargaining is to enter into a collective agreement. Such agreements are made for a certain time. These agreements give full details of security of job, grievance handling procedure, promotion policy, transfer policy, rules regarding lay-off, rules regarding retrenchment, hours of work, rules regarding leaves, incentive schemes, security and health, managerial liability etc.

**6. Implementation of the contract.** The last stage of the process of collective bargaining is the implementation of the agreements entered into between management and labour unions. Both the parties should honour these agreements and implement them whole-heartedly. □

... points to be considered in the process of collective