



ISSUES AND TRENDS IN COLLECTIVE BARGAINING

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ABSTRACT

Collective bargaining is a dynamic concept. Various types of collective bargaining have been successfully used by both labour and management to respond effectively to the changing demands of workplace functioning and market pressure. Central to the functioning of collective bargaining is the concept of power. At present, there is a definite trend in favour of enterprise bargaining or even work place bargaining rather than for industry-wide bargaining. The main issue of C.B. in India is (a) the mode of ascertaining the majority status of a trade Union-s (b) grant of exclusive bargaining rights to the majority union. The labour movement is facing the impact of globalisation, automation & changing demand patterns as the nation moves towards a service-oriented economy. Such forces have reduced the number of blue-collar, semi-skilled & unskilled workers & increased the number of white collar, technical & professional employees. The labour movement must device organising & bargaining strategies that appeal to these expanding groups. So far unions have generally been unsuccessful in this endeavour. Additionally, the labour movement has to face the growing management opposition to the unions & collective bargaining. To remain competitive in domestic & international market, many companies are taking actions that will either reduce union influence at the work place or even eliminate the need to deal with a Union.

Keywords-Introduction, Approaches to collective Bargaining, Emerging Issues in collective Bargaining, Collective Bargaining in Indian Content, Productivity Bargaining, Collective Bargaining in Public Sector, Special Provisions in Collective Bargaining.

INTRODUCTION

Collective Bargaining is concerned with the relations between management representatives and Union representatives. Collective bargaining has been characterised as a form of industrial democracy and industrial government. It involves the process of negotiation, administration & interpretation of collective agreements covering wages, house of work, & other conditions of employment for a specific period of time. The style & substance of the negotiations are affected by the legal requirement to bargain in good faith. The final product of negotiation process is a collective bargaining agreement. Effective administration of collective agreement is vital to the health of the Union-Management relationship successful administration of an agreement depend on mutual respect among employees, management & union collective bargaining today faces a crisis, severe environmental pressures, particularly competition & technological change make it increasingly difficult for the parties to reach a mutually satisfactory settlement.

❖ APPROACHES TO COLLECTIVE BARGAINING

The World Labour Report of ILO (1997-98) mention that the collective bargaining is weak as the state intervention plays a crucial role. The system of social dialogue is centralised at the industry or national level and leaves little discretion at the enterprise level. Collective bargaining has shifted from the region/industry level to the enterprise or even plant level.

Industry Bargaining

The industry level collective bargaining is common in the core industries in public sector like coal, steel, cement, ports, banks & insurance. The collective bargaining on industry basis is practiced by traditional industry groups like textiles, plantations and engineering in the private sector.

Enterprise Bargaining

The importance of enterprise is growing as a bargaining level as the industry wide bargaining is losing ground Enterprise level agreements are steadily increasing in number and becoming a point of decision making.



Concession Bargaining

Concession bargaining originated in U.S.A. as a temporary measure to save jobs in the period of economic depression. Concession bargaining was undertaken by the employers to face increased competition and cope up with higher productivity requirements. The trade unions preferred wage cuts or wage moderation to that of job losses and displacement. Other options considered under concession bargaining were (a) shorter working hours (b) freeze on fresh recruitment; (c) restriction on over time; (d) training and retraining of workers.

Composite Bargaining

The contents of conventional bargaining are mainly wages, allowances and benefits, and conditions of work and employment. The composite bargaining calls for a strategic shift from conventional bargaining to include issues like quality of work life, productivity improvement. Composite bargaining reflects a change in strategy from confrontation to coordination between management and labour for the promotion of their common interest of survival and progress of enterprises.

❖ EMERGING ISSUES IN COLLECTIVE BARGAINING

Union and management are going to face many substantive and procedural issues in collective bargaining. Some of the traditionally handled issues are as follows:

Wage Bargaining

Wages will remain at the centre stage of future contract negotiations because the size and security of income will continue to be of vital importance to workers.

Women's Issues

The explosive growth in the number of woman employees may give rise to fresh challenges to both employers and unions to squarely face the particular concerns and problems of females on the-job. That process has been going on for some time now but will probably accelerate in the future as women become firmly and permanently entrenched in the labour force and in the unions. Women issues are going to figure more and more in future collective bargaining.

Job Security-

The potential loss of jobs due to technological change has always been a major concern for the unions. Use of automation and computers will expand as Indian Companies attempt to increase productivity and remain competitive in domestic and international markets.

Productivity

Management must recognise that to obtain an increase in productivity, it must seek the co-operation of the employees and the union. In short, what is needed in collective bargaining is re-rapprochement between union and management that recognises the necessity of co-operating to raise productivity.

Technological Change-

Management cannot expect workers and their unions to moderate their wage demands and attitude toward technological change. The society cannot expect labour to bear the full cost of technological change. It is true that workers will ultimately benefit from a competitive product, but so will management, stockholders and the consumer. In Japan and some European countries, technological change is not normally opposed because jobs are guaranteed.

Quality of Work Life (QWL)

The issues of quality of work life is related to the need for organised labour and management to work co-operatively towards the goal of greater productivity. Employees are beginning to demand improvements in both economic and non-economic benefits from their jobs. The importance of non-economic rewards is increasing relative to the importance of economic ones, especially among white-collar and highly educated employees. People are demanding greater control and involvement in the jobs.

❖ COLLECTIVE BARGAINING IN INDIAN CONTEXT

The Trade Disputes Act 1929 the Bombay Industrial Relations Act 1946, the Industrial Disputes Act 1947 and the Madhya Pradesh Industrial Relations Act 1960, provided a machinery for consultation and paved the way for collective bargaining. Among the voluntary measures, mention may be made to the different tripartite conference, joint consultative machineries, code of discipline and Central and State Implementation



and Evaluation Units.

In India, collective bargaining was not very popular till the end of the Second World War. There had been a few instances where wages and working conditions were regulated by collective agreements. The collective bargaining agreements have been concluded at three levels-at plant level, industry level and national level.

Collective bargaining was traditionally conducted at the plant level as in the case of TISCO, Indian Aluminium Company and Bata Shoe Company. The collective agreement signed between the TISCO and the Tata Workers Union in 1956 embodies a provision for grievance procedure and closer associated of employees with management. The Indian Aluminium Company is one of the best published case studies on collective bargaining in India. It throws light on the factors responsible for creating a favourable bargaining relationship between the management and the union.

The best example of an industry level agreement is offered by the textile industry of Bombay and Ahmedabad. The agreement between the Ahmedabad Millowners' Association and the Ahmedabad Textile Labour Association, which were signed on 27th June 1955, laid down the procedure to be followed for the grant of bonus and the voluntary settlement of industrial disputes. The practice of industry wise bargaining continues to prevail in the cotton textile industry in Maharashtra, Gujarat and Tamil Nadu, in Jute Textiles and in the plantation industry in Karnataka, Tamil Nadu and West Bengal.

The agreement at the national level are generally bipartite agreements and are finalised at conferences of labour and management convened by the Government of India. The bonus agreement for plantation workers was concluded in January 1956 between the representatives of the Indian Tea Association & the Indian Tea Planters' Association on the one hand and the Hind Mazdoor Sabha (HMS) and the Indian National Trade Union Congress (INTUC) on the other. The agreement was about the payment of bonus to about one million plantation workers.

The Employer's Federation of India (EFI) in a study of collective bargaining in its member organisations in the late sixties. Classified collective agreements into three categories (i) agreements which have been drawn up after direct negotiations between the parties & are purely voluntary in character for the purpose of their implementation, (ii) agreements which combine the elements of voluntarism and compulsion, i.e., those negotiated by the parties and registered before a conciliator as settlements, and (iii) agreements which acquires legal status because of successful discussion between the parties when the matters in disputes were under reference to industrial tribunal/courts and could be considered.

The EFI study covered 109 collective agreements, relating to 77 companies and 11 industrial associations. Industry wide agreements were concluded in engineering textiles, and tea plantations and plant wide or company wide agreements whether worm in most other industries.

The EFI study found "two categories of subjects (which) appear to have figured prominently in the collective agreements, one having a direct bearing on the pay packet and the other relating to leisure and leave.

Out of the 109 agreements analysed, 96 dealt with wages and 50 with bonus. As for the duration of the agreements as many as 49 were for a period of 3 years, 18 were for a period of 5 years and only a small number were for a period of less than 2 years. There are 31 agreements, which dealt with the whole range of topics comprising wages, conditions of employment and fringe benefits. The rest of them covered one or more specific subjects.

The unions have recognised the right of the management among other things, to introduce now or improved methods of production, establish production schedules and standards, and make rules for maintaining discipline and securing effective operation of the plant. The trade unions have agreed to follow the constitutional methods as laid down in the grievance procedure to redress the grievances of their members and to desist from indulging in or encouraging unfair labour practices.

A significant development of the 1970s is the emergence of bipartite national industrial committees in certain key industrial sectors such as coalmining, textile, sugar, electrical machinery, steel and cement. These negotiating committees have covered both public and private sectors. The development of joint negotiating committees is a clear indication of the preference of the parties for collective bargaining over then methods.

The following steps may be considered for promoting collective bargaining in our country.

- (1) Collective bargaining should be declared as an integral part of India's national industrial relations policy. In order to give it a constitutional sanctity, it should be incorporated in the Directive Principles of state policy.
- (2) The two relevant instruments setting international standards regarding collective bargaining, namely, convention 98 concerning adopted in 1949, and recommendation 91 concerning collective agreements adopted in 1951, should be ratified/implemented.
- (3) Collective bargaining should be adopted as a part of the corporate personnel policy in all public sector enterprises, departmental undertakings, and in public utility services.
- (4) There should be drastic trade union reforms such as (a) recognition of the majority union as a



bargaining agent. (b) development of a trained and educated cadre of worker leaders through strong, enlightened, responsible and democratic trade unions; and (c) gradual delinling of trade unions from political parties.

More emphases should be given on mutual settlement of industrial disputes through collective bargaining rather than adjudication. A begining has to be made in this direction by declaring that collective bargaining will acquire primacy in the procedure for setting industrial disputes.

PRODUCTIVITY BARGAINING

Productivity bargaining has been described as "an agreement in which advantages of one kind or another, such as higher wages or increased leisure, are given to workers in returen for agreement on their part to accept changes in working practices or in methods or in organisation of work which will lead to more efficient working. The prime purpose of productivity bargaining is to raise labour productivity and lower unit labour costs. It aims at improving labour productivity, not so much by requiring workers to make greater efforts, but by eliminating the impediments to higher productivity.

Productivity bargaining is a complete process. It involves lengthy, detailed negotiations about the implementation of a variety of management techniques such as work-study and job evaluation. The content of negotiation is more or less comprehensive in the sense that it includes not only bargaining over earnings but bargaining over other related matters such as reduction in hours of work, introduction or extension of shift working, manning of machines, the introduction of new payment systems and reallocation of job control. Productivity bargaining generally occurs at the level of the enterprise or company and cover almost all employees.

The significance of productivity bargaining is three fold. First it seems to be more successful in tightening of the pay-productivity link within organisations- second, it is argued that it opens a whole new source of untapped productivity potential within an enterprise. Third, it provides potential opportunity for improving the climate of negotiation between management and trade union at company or organisational level. Effective productivity bargaining necessitates openness and trust between the parties in the negotiating process. It is one of the most important methods to increase the level of industrial efficiency.

The productivity agreements, which are generally developed by the management and internal union of office bearers and slop floor representatives, leave no meaningful role for the outside union officials. The success of productivity agreement will depend upon how well the workers understand the principles and objectives of the company.

Productivity Agreements

The are a number of industries in India, which have signed productivity agreements. Many agreements begins with opening paragraphs about productivity, work culture and the role to be played by the Union and the management.

Similar provisions, as shown below, can be found in many productivitty agreements signed recently.

"In view of the globalisation of the economy leading to a competitive environment the union & the company recognised the need to improve production and productivity."

"Workers shall extend wholehearted cooperation for optimising performance of the company at all levels."

"Purpose of the agreement is to increase the level of productivity and to improve it future".

"Purpose is to become more versatile, more flexible and more innovative so that the company can be more competitive".

COLLECTIVE BARGAINING IN PUBLIC SECTOR

Collective bargaining is considered as a central place around which other topics comprising industrial relations seem to revolve. There is hardly any qualitative difference between the collective bargaining techniques adopted by the workers in the public sector enterprises and their counterparts in the private sector. The manager is as much as an employees as any worker and bound by a whole set of rules and regulations and unable to take any decision in the area of industrial relations.

In the public sector, the issues taken up for collective bargaining include revision of wages and pay scales, dearness allowance, house rent and other allowances, loans and advances, medical and residential facilities, welfare measures and service conditions. Prior to negotiations, preparations are made in advances, at least a year ahead of the date of expiry of wage agreement.



The following features characterise the collective bargaining scenario in public sector.

1. The Government created a special body called the Bureau of Public Enterprises (BPE), which issues guidelines to enterprise managements on a host of matters concerning the management of an enterprise including all aspects of personal and industrial relations. It also provides guidelines on financial commitments arising out of collective agreements. Invariably, draft agreements between management and unions have to be sent to the BPE for approval with or without modifications.
2. Core sector industries like steel, coal and ports and docks are characterised by national-cum-industry-wide bargaining. The steel agreement also covers the Tata Iron and Steel Company, a private sector unit. There is one National Joint committee for the steel industry (NJCS), which enters into an agreement once in three or four years respective unions of the plants.
3. Public sector is engaged in a wide variety of economic industrial and trading activities. Some are high-tech and capital intensive (for e.g. computers, electronics, petro chemicals), while others are labour intensive.
4. Earlier in the public sector, the emphasis was on greater parity across sectors and reducing the gap between the lowest and the highest paid employees. Now the gap is widening. Over 100 out of about 240 public sector companies have not had pay revision since 1992. There is also a trend towards decentralisation of collective bargaining in key sectors, which tends to reduce the power of Unions, but makes pay more aligned to enterprise performance.

SPECIAL PROVISIONS IN COLLECTIVE BARGAINING

Collective bargaining provisions in wage agreements have come to provide an element of contingency based on individual/group/organisational performance. They are manifested in one way or more of the following ways.

- a) Managerial discretion in setting new norms of production, productivity.
- b) Proportionate deductions if standard output is not achieved;
- c) Two-tier wage agreements;
- d) Linking dearness allowance, to cost of production rather than to cost of living;
- e) Wage cuts/freezes in sick enterprises,
- f) Arbitration

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