



Collective Bargaining



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Introduction

Collective bargaining is the representation of employees by the trade unions and some negotiated regulations of their wages and other conditions of employment by agreement turned upon between the unions and the employers.

Collective bargaining is fundamentally a system of joint regulation as it necessarily involves both the parties directly interested in the industrial relations. It is a bargain between interested parties and the readiness of both the parties to regulate industrial relations. Collective bargaining aims at reaching settlements.

Both parties involved in the bargaining attempt to get their own terms accepted by other party. Collective bargaining is the process of employer-union negotiation for the purpose of reaching agreement as to the terms and conditions of employment for a specific period.

Collective bargaining is the process whereby workers organise collectively and bargain with the employers regarding their workplace. In various national labour and employment law contexts, collective bargaining takes on a more specific legal meaning. In other words, it is the coming together of workers to negotiate their employment.

Definitions of Collective Bargaining

- “A process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in concert. Collective bargaining is procedure by which an employer and a group of employees agree upon the conditions of work.” ----
Encyclopedia of Social Sciences
- “Collective bargaining means a joint determination of the terms of employment.” ---**Fred Whitney**

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



Characteristics of Collective

Bargaining

1. Continuous process - Since every organisation encounters different employees therefore collective bargaining process goes on regularly.

2. Stops one sided pursuits - It is because the employer or trade knew union no one can trust upon its single faces decision on one person.

3. No interference by outsider - Collective bargaining facilities organisational problems by mutual discussions of employers and labourers.

4. Industrial democracy and administration - This is because, the representatives of labourers and employers discuss different problems by sitting face to face on one table. Offers, reoffers, transactions, all have logic and impress one another. This way, both parties decide any matter by their own methods and after establishing full faith in the decision.

5. Fixation of service and work terms - The service and work terms are fixed only through collective bargaining. Such type of agreement is done for a limited period.



6. Coordination of unfavourable interest - Employers and workers are treated as opponents even after working for some issues. It helps to coordinate between these two. International labour organisation mentions that “a mixed decision is received by the mutual coordination of the two parties through collective bargaining.”



Process of Collective Bargaining

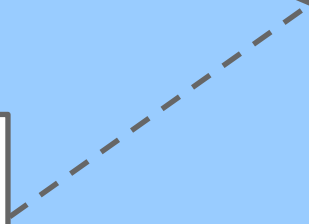
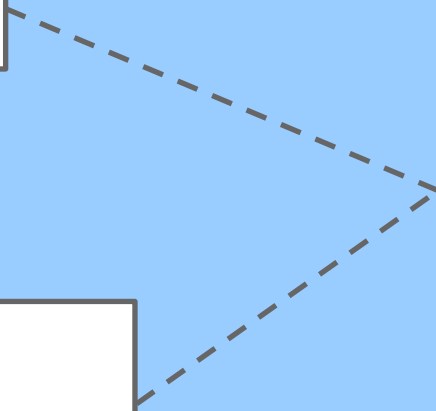
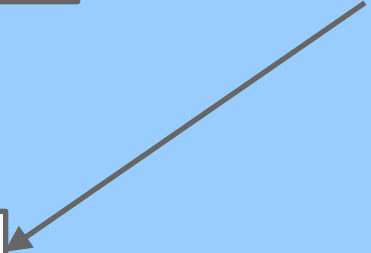
Union Claim

Management
proposal

Negotiations

Collective
Agreement

3rd Party
Referral



The main features of collective bargaining can be summarised as:

- 1.** It is a collective process in which representatives of both the management and employees participate.
- 2.** It is a continuous process which aims at establishing stable relationships between the parties involved.
- 3.** It does not only involve the bargaining agreement but it also involves the implementation of such an agreement.
- 4.** Attempts achieving discipline in the industry are involved.
- 5.** It is a flexible approach as the parties involved have to adopt a flexible attitude towards negotiations.



Prerequisites Of Collective Bargaining

1. Trade union recognition.
2. Observance of agreements.
3. Support of labour administration authorities.
4. Good faith.
5. Proper internal communication.

Trade union recognition

The existence of the freedom of association does not necessarily mean that there would be automatically be recognition of unions for bargaining purposes. Especially in systems where there is a multiplicity of trade unions, there should be some predetermined objective criteria operated within the industrial relation system to decide when and how a union should be recognised for collective bargaining purposes.

Observance of agreements

Especially in developing countries where there is a multiplicity of unions, unions are sometimes unable to secure observance of agreements by their members.

Where there is frequent non observance of agreements or understandings reached through the collective bargaining process, the party not in default would lose faith in the process.

Support of Labour Administration Authorities

Support by the labour administration authorities is necessary for successful collective bargaining. **This implies that they will:**

- 1.** Provide the necessary climate and environment for it.
- 2.** It will not support a party in breach of agreements.
- 3.** It provides the methods for the settlement of disputes arising out of collective bargaining, if the parties themselves have not so provided.

Good faith

Collective bargaining is workable only if the parties bargain in good faith. If not, there will be only the process of bargaining without a result, that is, an agreement. Good faith is more likely where certain attitudes are shared among employers, workers and their organisations

Proper internal communication

Both the management and union should keep their managers and members respectively well informed, as, a lack of proper communication and information can lead to misunderstandings and even to strikes.



Advantages of Collective Bargaining

- 1.** It has the advantage of settlement through dialogue and consensus rather than through conflict and confrontations.
- 2.** Collective bargaining agreements often institutionalise settlement through dialogue.
- 3.** It is a form of participation. Both parties participate in deciding what proportion of the issue is to be shared by the parties entitled to a share. It is a form of participation also because it involves the sharing of rulemaking power between employers and unions, in areas, which in earlier times, were regarded as management prerogatives e.g. transfers, promotion, discipline, modernization, production norms.

4. Collective bargaining agreements sometimes renounce or limit the settlement of disputes through trade union action. Such agreements have the effect of guaranteeing industrial peace for the duration of the agreements, either generally or more usually on matters covered by the agreement.

5. It is an essential feature in the concept of social partnership towards which labour relations should strive. Social partnership in this context may be described as a partnership between organised employer institutions and organised labour institutions designed to maintain non confrontational processes in the settlement of disputes which may arise between employers and employees.

Definition of Disputes

According to Industrial Dispute Act 1974, Section 2K,

“The Industrial Disputes mean any dispute or difference between employers and employers or between employers and workmen or between workmen and workmen, which is connected with the employment or non employment or the terms of employment or with the conditions of labour or any other person.”



Nature or Characteristics of Industrial Disputes

- 1.** The industrial disputes are generated between employers or employers and labourers or labourers and labourers.
- 2.** Industrial disputes may be for appointment, dismissal of an employee, employment terms or employment conditions.
- 3.** It may be in the form of strikes, lockout or agitations.
- 4.** Industrial disputes will only be in the situations related to industries, not of general life.
- 5.** It may be oral but industrial dispute is effective only in the case of written form.
- 6.** The disputes generally start from labour problems.

Causes of Industrial Disputes

Demand for more wages

It is the most important and common cause for industrial dispute. Industrialists generally do not pay wages according to the policy and they even do not follow the price like or the dearness for the common man.

Demand for bonus

If a company is growing and earning much profits, this is not only contributed by the administrative efficiency but the workers have their own role. So, they demand for bonus and non acceptance of

Improved working conditions

The main issues of concern are lesser working ours better safety measures canteen facilities holidays and leaves.

Non implementation of labour act

Non implementation of worker safety norms, wages and salary administration, workload, awards, agreements, fringe benefits are some of the major issues of non implementation of labour act.

Grievance

Grievance implies dissatisfaction or suffering or grief caused unnecessarily or illegally. In labour and management relations, it is a complaint or representation made in writing as regards to a company related matter arising from employment or service conditions or from conditions involving unfair treatment by the employers or from violation of any



Grievance – Features

- i.** Grievance reflects dissatisfaction or discontent experienced by employees.
- ii.** It is a sense of injustice to one's job meted out by the employer.
- iii.** It may be expressed or implied.
- iv.** It may be verbal or written.
- v.** It may be real or imaginary.
- vi.** It may be valid and legitimate or may not be so.
- vii.** Grievance may arise out of something related to employee's service contract.

Role of Trade Unions and Collective Bargaining

Trade unions feel collective bargaining is important because of expanding employment opportunities and maintaining employment safety of its member employees. Trade unions want that the process of product is of such type that the lesser human cost is involved.

Adjustments in salary and wages, lesser working hours and good working conditions are some basic objectives of trade union. Apart from this, recognition of their existence, overtime, good salary, wages, expanded social and safety measures, eradication of unpleasant working conditions are some of the issues which create the need of collective bargaining.



**Identifying Issues &
Preparing Demands**



**Negotiating &
Coming to Tentative Agreement**



**Accepting, Ratifying &
Administering Agreement**

The various laws applicable to hospitals in relation to industrial relations are:

1. Payment of Wages Act, 1936
2. Payment of Gratuity Act, 1972
3. Workmen's Compensation Act, 1923
4. The Minimum Wages Act, 1948
5. Employee's Provident Fund Act
6. Payment of Bonus Act, 1965
7. Trade Union Act, 1926
8. Industrial Dispute Act, 1947
9. Employees Insurance Act, 1948
10. Factories Act, 1948

11. Recognition of Trade Union and Prevention of Unfair Labour Practises Act 1971
12. The Industrial Tribunal Procedure Rules, 1949
13. The Industrial Development And Regulation Act, 1951
14. The Industrial Tribunal Central Government Procedure Rules, 1954
15. The Central Advisory Council Procedural Rules, 1952

Role of Hospital Administration and Labour Relations

The hospital administrator must have the quality, capability and capacity to handle any situation arising out of grievances among the workers. The most cost effective method is of being proactive in management of the workers grievances.

There should be:

- 1.The establishment of progressive employee relationship programme.
- 2.Establishment of personnel policies that contribute properly to the welfare of the employee and employer.
- 3.Training and continuing development at all levels of management.
- 4.Fair and equitable compensation mechanism.
- 5.Maintenance of sound performance appraisal system.
- 6.Provision of channels of communications within the hospital.
- 7.Establishment of standard procedures whereby the employees grievances can be redressed effectively.

Advantages of Collective Bargaining



- Higher wages and better help for union members. Unions can negotiate collectively for gains unique workers could not reach alone. For example, unionized workers typically earn 10-30% higher wages than their non-union peers.
- Fairer work rules and policies. Collective deals help establish workplace order, justice, and due process. Clear grievance policies and discipline policies benefit both workers and regime.
- Improved job joy, productivity, and loyalty. Union fellows report higher job joy due to better pay, benefits, and protections. This leads to lower turnover, less truancy, and higher productivity.

- More social justice through the fairer distribution of economic gains. Collective bargaining helps narrow wage gaps between executives and non-executive workers. For example, CEO-to-median worker pay ratios are typically lower at unionized firms.
- Safer working needs. Union contracts often include extensive health and safety conditions that enhance workplace safety. Union workers have lower occupational injury and fatality rates.

Disadvantages of Collective Bargaining



- Higher labor costs for employers. Wages and benefits negotiated by unions can increase firm costs and reduce profitability. This can affect prices for buyers and competitive positioning.
- Loss of management flexibility. Collective deals with clear work rules and job protections can reduce employers' flexibility to adjust forces in reply to varying market conditions.
- Conflict and disruptions. Grudges, arbitration hearings, and strikes triggered by union contracts can create upsets, uncertainty, and costly firm delays.

■ An overly adversarial relationship. Collective bargaining can foster an adversarial "us vs. them" dynamic between unions and control, stressing positions over interests and compromise.

■ Reduction in individual incentives and incentive. Union work rules and seniority systems can reduce unique stimuli for high performance and creation. However, unions say they boost morale and motivation through higher pay and job security.



THANK YOU

