

Collective Bargaining Negotiation

Module 2



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Meaning

- Collective bargaining is a process of joint work places.
- It is the process of negotiation between representatives for the purpose of agreeable conditions of employment harmonies working status at the work place.



- It is called '**collective**'
because both the employer and the employee
than as individuals.
It is known as '**bargaining**'
- because the method of reaching an agreement
and counter proposals, offers and counter of



Definition

International Labor Organization (ILO) has defined as

“Negotiation about working conditions and between and employer and a group of employees, organization with a view to reaching wherein the terms serve as a code of defining of each party in their employment /industry another.”



Objective of collective bargaining

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

Following are the essential prerequisites for co

- **Strong representative trade union** : In colle existence of a strong representative trade union in in constitutional means for settling the disputes.
- **Management tries to Integrate various partie** and enlightened management which may integrat employees, owners, government, consumers and s
- **Agreement on Objective** :- In collective Barg made on the basic objectives of the organization b the employee and on mutual rights and liabilities.



- **Method of Negotiation :-** There is a **demonstration** negotiation process. The existence of fact finds a willingness to use new methods and roles to solve industrial problems.
- **Necessary Records must be kept :-** Proper records of problems should be maintained for future reference.
- **Shop floor (Plant) level :-** Collective bargaining should be conducted at shop floor level. If there is more than one firm, the local management should be delegated to negotiate with the local trade union.

- **Unfair practices must be avoided :-** In order for bargaining functions properly unfair labour practices must be avoided by both the parties.
- **Arbitration :-** The contract must include a clause in case there is a dispute. The institution of arbitration represents a fair and democratic attempt to resolve disputes.

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



Features / Characteristics of Collective Bargaining

- **1-Collective Process**

The representatives of both the management and employees participate in it.

Employer is represented by its delegates and employees are represented by their trade union.

Both the groups sit together at the negotiating table to reach an agreement acceptable to both.

2-Continuous Process

- It is a continuous process. It does not commence and end with an agreement.
- It establishes regular and stable relationship involved.
- It involves not only the negotiation of the contract but also the administration or application of the contract goes on for 365 days of the year.

3.Flexible and Mobile

- It has fluidity. There is no hard and fast rule to an agreement.
- There is ample scope for compromise.
- A spirit of give-and-take works unless final agreement of both the parties is reached.

4-Bipartite Process

C.B. is a two party process.

Both the parties —employers and employees— participate in the process of action.

There is no intervention of any third party.

It is mutual give – and –take rather than a take or leave approach of arriving at the settlement of a dispute.



5-Dynamic

C.B. is a dynamic process because the way agents think and the way they are implemented, the mental model keeps changing.

As a result, the concept itself changes, grows and evolves. It is scientific, factual and systematic.



6-It is an Art

Collective bargaining is an art , an advanced form of

7 Discipline in Industry

C.B. is an attempt in achieving and maintaining discipline in industry.

8 Industrial Juris prudence

It is an effective step in promoting industrial justice

i.

C.B. is not an ab

ii.

(1) C.B. as a technique of long- run social change

(2) C.B. as a peace treaty between two parties in

C.B. adapts itself

(3) C.B. as a system of industrial jurisprudence.

power and dignit

Functions of C.B.

Social ChangeIndustrial



• **1-Long- Run Social Change**

- C.B. in its broader aspect is not confined relations between employers and employ
- C.B. adapts itself to the changing social, legal environment. It is a source of stability in a ch
- The wage- earners have enhanced their soci
--- in absolute terms and in relation to other
same time , the management has attained a
and dignity.



2-Peace Treaty

C.B. is a sort of peace treaty between two parties. However, the settlement between the two parties

The extent to which each side is willing to accept its original bargaining demand depends, in part, on its vis its opponent.

- “The compromise is a temporary truce with completely satisfied with the results.
- Each would like to modify it at the earliest opportunity.
- Since the contract is almost always of a short duration, each side is immediately to prepare a new list of demands to increase bargaining strength in anticipation of the next contract.
- But in a majority of cases, C.B. agreements are short-lived and an opponent fires a shot.



3-Industrial Juris prudence

: C.B. creates a system of 'industrial jurisprudence'

It is a method of introducing civil rights into industry so that management be conducted by rules rather than arbitrary decisions."

It establishes rules which define and restrict the power exercised by employers over their employees, and the authority under the joint control of union and management.



- It is a rule- making or legislative process, in t
formulates the terms and conditions under v
management will cooperate and work togeth
stated period.
- - It is an executive process, for both manager
officials share the responsibility of enforcing
- - It is a judicial process, for in every collective
clause/ provision regarding the interpretation



Essential Prerequisites of Successful Industrial Bargaining

1. Existence of a strong representative trade union which believes in constitutional means for settling the industrial disputes.
2. Existence of strong and enlightened management to integrate the different parties, i.e., employees, management, society or government.
3. Agreement on basic objectives of the organization by the employer and the employees and on mutual cooperation to be there.
4. Existence of a fact-finding approach and appropriate methods and tools for the solution of industrial disputes.



5. Negotiations should be based on facts and parties should adopt a constructive approach.

6. Proper records for the problem should be maintained.

7. C.B. should be best conducted at plant level. If more than one plant of the firm, the local management should be delegated proper authority to negotiate with the union.

8. In order that C.B. functions properly, unfair labor practices should be avoided by both the parties.

9. There must be change in the attitude of enemies.
They should realize that differences can be
negotiated without the assistance of third parties.

10. No party should take a rigid attitude. The
negotiation should be with a view to reaching an agreement.

Collective Bargaining Process

- (1) preparation for negotiation
- (2) negotiation stage
- (3) signing the agreement
- (4) follow up action



1. PREPARATION FOR NEGOTIATION

- This has become a pre – requisite to collect information for several reasons.
- Consultation with the lower level members of the organizations can help both the parties to gather information and evolve specific bargaining tactics.
- The negotiation team should consist of representatives from both parties with adequate knowledge and skills for negotiation.

- Again the technical assistance of legal and public relations experts should also be utilized gainfully in the collective bargaining process
- Finally care should be taken to pre-plan various aspects of the meeting places, ground rules relating to trade union activities, publicity releases



2. THE NEGOTIATION

- Methodology for bargaining is very important
- As a bargaining methodology it is desirable items
 - These bargaining items could be separated into
 - The cost or financial items
 - The other for non cost or non financial items

- The range of the objectives could be decided
- **Realistic:** The realistic goal is what both the parties think is achievable, logical and based on facts.
- **Optimistic:** The optimistic goal for particular negotiator thinks can be achieved. But the negotiator has to go through various odds and chances to achieve it, which are not so favourable.
- **Pessimistic objectives.** The pessimistic goal is the worst outcome if everything did not go as well as expected, but it is still within the acceptance range of the party.



Opening the negotiation

- Give all the participants including yourself time to settle down; to gather papers together and welcome latecomers.
- Normally management representatives are not present at the proceedings.



While giving the first reply to the union may be borne the following

(1) The number of points which can be commun minimum. It is better to repeat and assert the language than to try to cover too much ground. Use the use of jargons.

(2) Do not get bogged down in prolonged discussion items raised by the trade union side. Deal with those items must be grouped together.

(3) Address your remarks to the main spokesmen temper are not substitutes for a good case well prepared.

(4) Identify the areas of agreement because this progress is being made. Have you left yourself with bargain subsequently?



- (5) Will the first statement be made solely by the management team or could it be made by certain other members of the union? Consider some more members who can contribute as well.
- (6) Even if the management team feels that reaching an agreement, managements case is strong, they should provide a broad outline. Management may remember that the trade union is a continuing one. One should not expect much of carry over of these negotiations for the next year. It would give adequate time to analyze the situation.

- The middle period may contain one or more requests of either party. These can be used:
 - (1) allow the other party to evaluate either party's information;
 - (2) consult with or report back their group;
 - (3) Settle things down; and
 - (4) Prevent negotiating fatigue.



3. SIGNING THE AGREEMENT

- (a) Procedure agreements
 - v Procedure agreements spell out the steps by which processes are carried out.
- (b) Substantive agreements
 - These contain the 'substance' of any agreement relating to the employment.
 - They cover payments of all kinds, i.e. wage rates, bonus payments, holidays and fringe benefits such as pension, various other allowances.

4. follow up action

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Suggestions for effective implementation of collective bargaining

Union should be made strong by creating awareness among workers

Unanimity among workers:

Before entering into negotiations there must be unanimity among workers. If the representatives of workers should be able to present the opinion of workers or else, the management can take advantage of workers

Strength of both parties:

Both the parties in negotiation should be equal in strength. If one is stronger than the other is against the whole nature of collective bargaining. It should be a 'give and take' process and should not be a 'you give and we take' bargaining from either side.

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NEGOTIATION



“The goal is not to get a deal.
is to get a good deal.”

What is ...

- Negotiation is the process of conferring to arrive at a decision between different parties, each pursuing their own interest and protecting their own position.
- A give and take decision-making process involving interdependent parties with different positions.



DEFINITION

ROBBINS- “A process in which two parties exchange goods and services and agree upon the exchange rate for the

Minton(2001) “The degree to which the interests of the parties are aligned can factor into the type of outcomes available for



Four principles of practice Negotia

- Preparation: understanding
and the people and equippin
for the process
- Relationship: developing a
for maintaining the relatio
before, during and after ne

- Communication: building and applying an open communication
- Problem-solving: exploring and strategies for reaching



Features Of Negot

- Two Parties
- Predetermined Goals
- Expecting an Outcome
- Parties willing to modify their Po
- Parties should understand the pu
negotiation



Types Of Negotia

DISTRIBUTIVE NEGOTIATION

INTEGRAT





Distributive Negotiation

- The most distributive feature is that it is played under a zero sum game
- the gain made by one person is lost by the other person.
- Each person involved in the negotiation has an ultimate point where the settlement is made
- The seller's goal is to negotiate as high a price as possible; the Buyer's intention is to pay as low a price as possible
- Win-Lose Situation



Integrative Negotiation

- Parties cooperate to achieve mutual gains by integrating their interests
- Both parties involved in negotiation jointly look at the problem, try to generate alternatives and try to evaluate them to reach a mutually acceptable decision
- Win-Win Situation



Distributive Verses Integrative

Characteristic	Distributive	Integrative
Outcome	Win-lose	Win-win
Motivation	Individual gain	Joint gain
Interests	Opposed	Compatible
Relationship	Short-term	Long-term
Issues involved	Single	Multiple
Ability to make trade-offs	Not Flexible	Flexible
Solution	Not creative	Creative

The Five steps of the negotiat

- 1.Preparation and Planning.**
- 2.Definition of Ground Rules.**
- 3.Clarification and Justification.**
- 4.Bargaining and Problem Solving.**
- 5.Closure and Implementation.**

Preparation and planning

- Before the start of negotiations, one must be aware of:
 - the history leading to the negotiation
 - the people involved and
 - their perception of the conflict expectations



Definition of Ground Rules

- Where will it take place?
 - What time constraints, if any will apply?
 - To what issues will negotiations be limited?
 - Will there be a specific procedure to follow i
-
- During this phase, the parties will also exchange proposals or demands.



Clarification and Justification

- When initial positions have been exchanged, explain, amplify, clarify, encourage and justify. This need not be confrontational.
- This is the point where one party might want to provide the other party with any documentation that helps support their position.



Bargaining and Problem Solving

- The essence of the negotiation process is the trying to hash out an agreement, a **proper bargain**.
- It is here where concessions will undoubtedly be made by both parties.

Closure and Implementation

- The final step in the negotiation process is the implementation of the agreement that has been worked out and determining the actions that are necessary for implementation and monitoring.



Essential Skills of Negotiation

- Problem Analysis
- Preparation
- Active listening
- Emotional control
- Verbal communication
- Problem solving skill
- Decision making-skill
- Interpersonal skill
- Ethics



Techniques of Negotiation

- **Stone walling :**
 - Time pressure
 - Delay from other side
- **Impulsive change:**
 - The sudden change of attitude and behaviour of other party
- **Gotcha :**
 - Indicate that you have caught them out in some way, exposing the mistakes they have done, whether deliberately or accidentally.
 - Show how they have not followed the rules. Talk about how they have broken the rules. Tell them how trust has been betrayed. Point out inconsistencies in their behaviour.



Techniques of Negotiation

- Dodge :
Shift your attention from real Issue to Side Issue



Workers Participation In Man

Workers participation in management includes f

- Workers participation in management provides organisation's decision making process.
- The workers participation may be at the shop level or at the top level.
- The workers participation in the management is to share the responsibility and accept commitment to the decisions of management with consultation of workers.
- The workers participation is conducted through various methods which provide for association of workers representatives.
- The idea behind worker's participation in management is to discipline and control among workers and for the benefit of management.



Concept of WPM

- ▶ Workers Participation in Management is a process of communication and consultation, either formal or informal, in which employees of an organisation are involved in the affairs of the undertaking and through which they express their opinion and contribute to management.
- ▶ It is industrial democracy in action based on the principles of equity, equality and voluntarism.
- ▶ It is distribution of social power in industry which should be shared among all who are engaged in it and not concentrated in the hands of minority.



Evolution of the Concept

- ▶ Thinkers like Comte and Owen advocated the participation of workers in management for achieving social justice.
- ▶ Karl Marx proposed complete control of the means of production by workers and socialisation of the means of production.
- ▶ Marx wanted trade unions to be developed as a basis for self-government.
- ▶ Thinkers favoured guilds of all classes controlled under a charter from the state.

Evolution of the Concept

- ▶ With the outbreak of the First World War, social unrest was experienced.
- ▶ Labour was largely regarded as a “**Commerce**” and exploited to the maximum by Germany, France and USA.
- ▶ The main concern of ideologists in the early 20th century was the sharing of managerial power with workers.
- ▶ Various research conducted at the Tavistock Institute revealed that autonomous and cohesive teams were more efficient and healthier.

Forms of Participation

- ▶ **Collective Bargaining** – Issues over which workers and management are concerned such as employment conditions, wage rates, working hours, number of holidays are usual areas for collective bargaining.
- ▶ **Joint Administration, Joint decision making, Consultation** – Issues over which workers are concerned such as fund money, canteen facilities, workers welfare facilities, etc.,
- The difference between Joint Administration and Consultation is very narrow in nature.

Levels of Participation

- ▶ ***Informative and Associative Participation*** – Provide information, discuss and give suggestions on the economic situation of the concern. For example:
 - The state of the market, Production and Sales
 - Circumstances affecting the economic position
 - Long term plans of expansion and redeployment
- ▶ ***Consultative Participation*** – Involve members in sharing of views of the members and provide an opportunity to express their feelings. Members are consulted on matters such as –
 - Welfare amenities
 - Adoption of New Technology and the problem
 - Safety measures

Levels of Participation

- ▶ **Administrative Participation** – Involve sharing of authority and responsibility functions. Members are given little for exercise of administrative and supervisory to –
 - The preparation of schedules of working hours
 - Payment of reward for valuable suggestions
- ▶ **Decision Participation** – Is the highest. The delegation of authority and responsibility function is maximum in matters like –
 - Economic, Financial and Administrative policies mutually taken

The Indian Scene

- ▶ In 1920 **Mahatma Gandhi** had suggested that India should contribute labour and brains, while share money to enterprise, and that both should lead to its prosperity.
- ▶ The influence of **Mahatma Gandhi** bore fruit. The time Joint Consultation was adopted in the Indian Industry.
- ▶ The first major step came during the enactment of the Industrial Disputes Act, 1947.
- ▶ The Industrial Policy Resolution had stated that the government should be consulted in all matters relating to industrial production.
- ▶ Further the scheme of Joint Management was formulated in 1957.

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