

# Collective Bargaining

## Module 5\_Session 5

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## Content to be covered

- Collective Bargaining
- Types of Collective Bargaining
- Process of Collective Bargaining

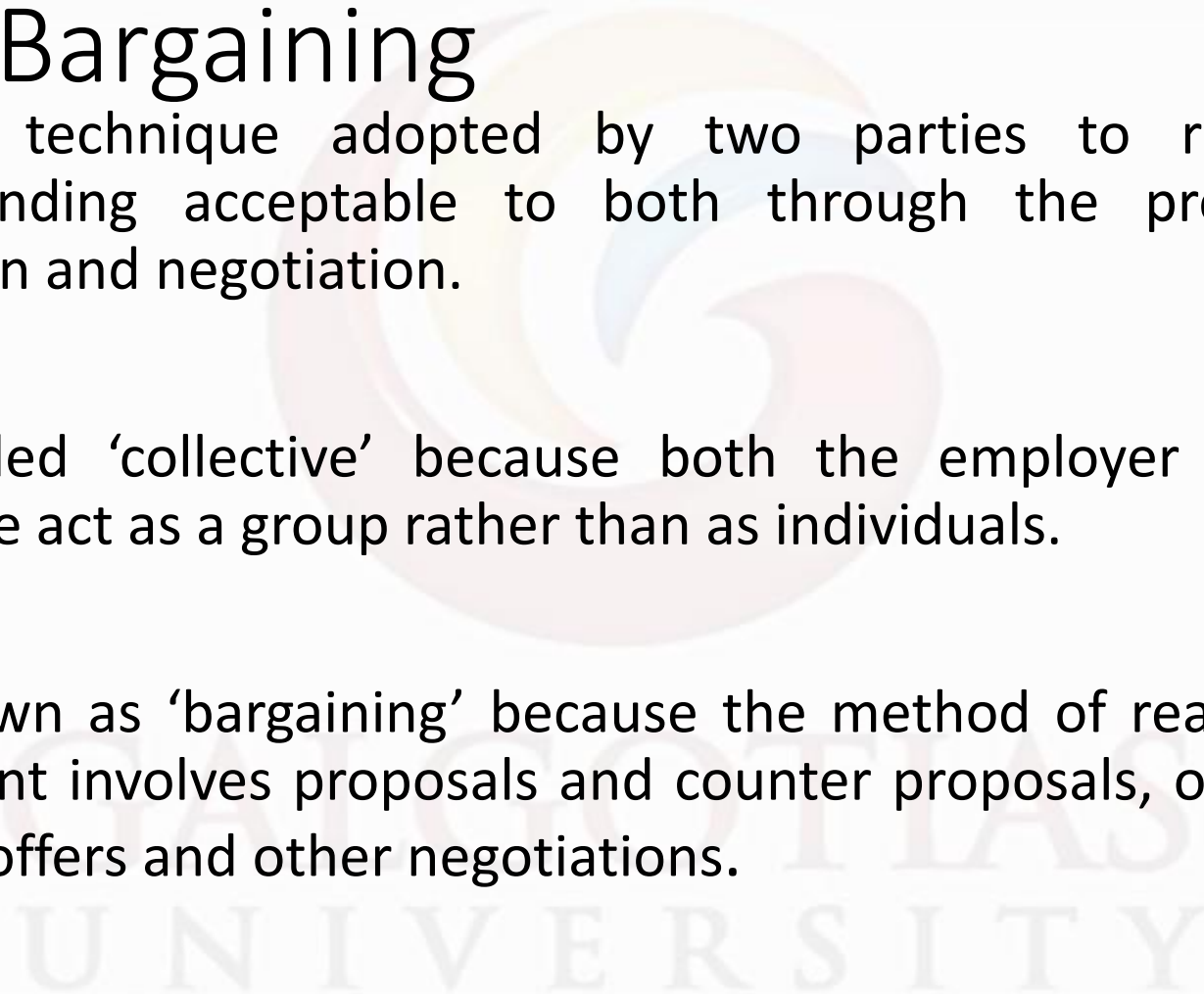
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## Collective Bargaining

- Collective bargaining occurs when employee representatives and employers formally discuss terms of employment such as working conditions, salaries, and fringe benefits.
- Collective bargaining is process of joint decision making and basically represents a democratic way of life in industry.
- It is the process of negotiation between firm's and workers' representatives for the purpose of establishing mutually agreeable conditions of employment.

## Collective Bargaining

- It is a technique adopted by two parties to reach an understanding acceptable to both through the process of discussion and negotiation.
- It is called 'collective' because both the employer and the employee act as a group rather than as individuals.
- It is known as 'bargaining' because the method of reaching an agreement involves proposals and counter proposals, offers and counter offers and other negotiations.



# Types of Collective Bargaining

- **Distributive Bargaining:** Distributive bargaining is the most common type of bargaining & involves zero-sum negotiations, in other words, one side wins and the other loses. Both parties try to maximize their respective gains. They try to settle economic issues such as wages, benefits, bonus, etc. For Example, Unions negotiate for maximum wages & the management wants to yield as little as possible –while getting things done through workers.

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## Types of Collective Bargaining

- Integrative Bargaining: Integrative bargaining is similar to problem solving sessions in which both sides are trying to reach a mutually beneficial alternative, i.e. a win-win situation.
- • Both the employer & the union try to resolve the conflict to the benefit of both parties. Both sides share information about their interests and concerns and they create a list of possible solutions to best meet everyone's needs.
- For Example, when companies are hit by recession, they cannot offer the kind of wages and benefits demanded by workers. At the same time they cannot survive without the latter's support. Both parties realize the importance of surviving in such difficult times and are willing to negotiate the terms of employment in a flexible way.

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# Collective Bargaining Process

- **The collective bargaining process comprises of five core steps:**
- **Prepare:** This phase involves composition of a negotiation team.
- The negotiation team should consist of representatives of both the parties with adequate knowledge and skills for negotiation.

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# Collective Bargaining Process

- **Discuss:** Here, the parties decide the ground rules that will guide the negotiations.
- A process well begun is half done and this is no less true in case of collective bargaining.
- An environment of mutual trust and understanding is also created so that the collective bargaining agreement would be reached.

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# Collective Bargaining Process

- **Propose:** This phase involves the initial opening statements and the possible options that exist to resolve them.
- In a word, this phase could be described as 'brainstorming'.
- The exchange of messages takes place and opinion of both the parties is sought.

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## Collective Bargaining Process

- **Bargain:** negotiations are easy if a problem solving attitude is adopted.
- This stage comprises the time when 'what ifs' and 'supposals' are set forth and the drafting of agreements take place.

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# Collective Bargaining Process

- **Settlement:** Once the parties are through with the bargaining process, a consensual agreement is reached upon wherein both the parties agree to a common decision regarding the problem or the issue.
- This stage is described as consisting of effective joint implementation of the agreement through shared visions, strategic planning and negotiated change

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# References

Sinha, P. R. N., Sinha, I. B., & Shekhar, S. P. (2017). *Industrial Relations, Trade Unions and Labour Legislation*. Pearson Education India.

