

**Course Name: Labour Welfare and Industrial Relations**

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### **Lec 15: Collective Bargaining : Importance , Theories, Hurdles to CB in India**

Hello learners, welcome back to the course on Labour Welfare and Industrial Relations. We move to the last lecture of the third module where we look into collective bargaining in greater detail. We look into the importance, the theories and what are the general hurdles with respect to collective bargaining in India.

I am Dr. Abraham Cyril Issac, I am an Assistant Professor at the School of Business, Indian Institute of Technology, Guwahati. So when you look into the entire collective bargaining, we have to start with the theme of unions.

Now unions have been the only powerful and effective voice working people have or ever had in the history of the country and this is quite true. When you look into any association representing them, unions have been, in fact, the most powerful voice or most powerful platform where they could actually raise their concerns. On that background, we'll look into collective bargaining into greater detail.

Now the term collective bargaining if you see was first used by again Sydney and Beatrice Webb. We have seen that collective bargaining very quickly is a process of bargaining between employers and their workers by which they specifically settle the disputes among themselves relating to employment, non-employment, terms of employment and conditions of service of workers on strength of sanctions available to each side. We have already seen this. So when we look into collective bargaining, we have to understand from our scheme of things. From an Indian scenario, Karol Leather,

Karamchari Sangatan versus Liberty Footwear Co., if you look specifically into this particular case, Collective bargaining was defined as a technique by which disputes as to the conditions of the employment are resolved amicably.

So this is something which is more critical when it comes to collective bargaining. The disputes are resolved amicably by agreement. rather than coercion. So the dispute is settled peacefully and voluntarily, although reluctantly between labour and management. Sometimes this is pretty significant.

There might be some compromise that should come from the side of the management or sometimes from the side of the labour. But whatever said, if that compromise is not coming, we might not be actually getting into a final solution. So when we look into the aspect of, let's say, the collective bargaining, what it brings into the table or what is the significance or the importance of the collective bargaining, we see it as a united voice. This is one of the single largest united voice that comes up. from the side of the worker.

We look at collective agreements, establishing work rules, policies and even grievance procedures. So whenever it comes to predictable processes, they benefit both employers through reduced conflict and workers through due process and certainly proper representation. So clear guidelines promote a productive work environment.

So this is essentially the consequence of the entire collective bargaining approach. When you look into the significance, we have to also understand that apart from boosting the organizational productivity, it checks on corporate power by requiring employers to negotiate with the workers. So it gives a greater voice to people. It gives a check or it creates a check whereby corporate power is present put on a balance there will be a balance of interest that comes into picture which promotes a more equitable and sustainable economy where the needs of all stakeholders not just the shareholders remember all the stakeholders are considered so workers generally get a voice and decision that certainly impact their jobs now it also ensures workers need our head alongside employers goals it is not that only the employers objectives are getting the upper hand

It is also that there are certain critical needs of the workers which are also heard. So, Though imperfect, collective bargaining remains important to balance the interest of labor and capital. The benefits workers may get would be fair treatment, maybe with respect to compensation, or maybe higher living standards in the society, productivity, or a fairer distribution of wealth, whatever the outcome be. It ensures that workers' needs are heard alongside employers' objectives or goals.

It also helps promote worker rights. There is no doubt about it. Unions generally push for safer working conditions through collective bargaining. They typically include provisions for workplace health, safety, etc. So this benefits all workers, even non-union members specifically.

When you look into collective bargaining, it also promotes workforce diversity. Contract language can address issues like, let's say, equal pay, accommodations, hiring and promotion practices. So, the worker or workplace diversity is being actually obtained through this. And also, we see that there is work-life balance that comes into picture. There are situations where collective bargaining promotes staff's voice.

So unions actually negotiate for more employer transparency. Contracts can require the disclosure of information to hold employers accountable. So there is transparency that sets in. Transparency builds trust between the two parties, namely labor and management. So whatever happens, the collective action through union fosters democracy in the workplace.

Worker gain a collective voice and participation decision that affects their jobs and livelihood. When we look into the critical theories of collective bargaining, when we look into the theories of collective bargaining, we see there are different schools of thought. The first one is pluralistic theory. It's a collective bargaining approach or collective bargaining is understood as a process theory of negotiation and compromise between unions and management.

So the unions and management are seen specifically as interest groups representing the interest of employees and employers respectively. So both sides typically brings their own demands to the bargaining table. Based on their interest, unions may, let's say,

demand for higher wages, while management may seek to limit costs. So collective bargaining is specifically a process through which these competing demands are negotiated and reconciled through give and take from both the particular sides. The pluralist theory sees employer-employee relations as essentially cooperative.

So there is no typical fight that going on between these two entities. Bargaining specifically leads to agreement that benefit both unions and management. When you come to unitary theory, specifically employers and employees ultimately share the same goals. and interest within an organization. So the theory specifically views the employer and employees not as separate interest groups, but as part of the same organizational unit with certain aligned objectives.

So the focus is specifically on cooperation and common interest rather than on conflict. So employees are seen as specifically important contributors to organizational success. So if you look into collective bargaining and does this theory, it certainly seeks to optimize outcomes for the entire organization. It focuses on finding solutions that benefit both employees and employer. When you look into the third important aspect, the second one was unitary theory.

The third one is Marxian theory. It views collective bargaining through a class trickle. Please recollect the Marxian theory which we had discussed. It sees the relationship between employers and employees as inherently conflictual due to their different positions within the capitalist mode of production. So employers specifically, what we have seen as the capitalist class.

own the means of production and generally seeks to maximize profits, while employees, the working class, sell their labor for wage, their economic interests are opposed. So when you're looking into collective bargaining, it's a site here of ongoing class struggle between what we see as the labor and capital or the distribution of surplus value created by workers. Another aspect would be the legal framework theory, specifically where collective bargaining is governed and shaped by the legal framework of labor laws and regulations specifically. So unions and management bargain within the boundaries

defined by labor law. Let's say an agreement to extend retirement benefits must comply with pension law.

So that would give a better argument power or better bargaining outcome because it is within the ambit of the law. The fifth aspect would be power resource theory, power of organized labor, especially trade unions determines bargaining outcome. What happens here is that the stronger the unions, the more bargaining power workers have to secure better terms through collective action like strikes. So union power depends on factors like let's say membership levels. The solidarity, leadership and even access to resources.

So example could be a union threatened strike action to win wage increase. And we have the neo-pluralist theory, the new theoretical hook which sees collective bargaining as involving multiple interest groups within and outside the organization. So groups like union, management, community groups, shareholders negotiate to balance the interest of all stakeholders. So union agrees to wage increase. To be wage restrained in exchange for a union community benefits package.

So this is something which generally comes in as neo-pluralist theory. When you look into the types of collective bargaining agreements in India, we have had bipartite agreements. We have settlements and we have consent awards. It would be interesting for you to read on bipartite agreements, settlements and consent awards specifically. When you look into hurdles of collective bargaining, we have certainly seen that we have the issue of weak unions.

Sometimes the unions are not able to represent the interests. We have problems from government. Generally, the government may take a lopsided approach at times or maybe they want a smooth functioning of the economy. So they may have to take the side of the employer for that reason or maybe there are issues on a legal side. Adjudication is not easily accessible.

Sometimes there might be troubles associated with those. There could be issues associated with attitude of management. Employers have failed to read the writing on the wall. They do not appreciate the fact that unions have come to stay with almost equal bargaining strength. And even employers' uncertainty, not taking any particular decision,

sitting on a particular file, all these aspects have also become immersed as hurdles of collective bargaining.

So are statutory fixation of conditions of work where areas of collective bargaining have not grown in view of encouragement given to wage boards. or pay commissions, statutory fixation of other conditions of the work and even some of the social security measures. And not to forget the political interference. Almost all unions are associated with some political party. So that also emerges as a significant hurdle.

That said, we also have some of the aspects which... can strengthen collective bargaining like increasing unionization rates, promoting dialogue and cooperation and improving legal protection for workers. So this will essentially strengthen the collective bargaining. We look into a typical case where it would underscore the existence of collective bargaining, Ram Prasad Vishwakarma versus Industrial Tribunal. The court observed that it is well known

How? Before the days of collective bargaining, labour was a great disadvantage in obtaining reasonable terms for contracts of service from its employers. So as trade unions developed in the country and collective bargaining became the rule, the employers found it necessary and convenient to deal with the representatives of workmen, Instead of individual workmen, not only for the making of modification of contracts, but in the matter of taking disciplinary action. So what we understand in terms of collective bargaining is that as more stakeholders came into picture, there was more of deliberation that has come up.

We have seen extensively what all are the hurdles, especially the trade unions and the stakeholders have faced in India. So if we are able to address these hurdles, if we are able to mitigate these hurdles, we can have a better collective bargaining that is there associated with every trade union. That's all from today's class. See you with more inputs in the next class. Till then, take care.

Bye-bye. Amen.