

Definition of Collective Bargaining:

Industrial disputes between the employee and employer can also be settled by discussion and negotiation between these two parties in order to arrive at a decision. This is also commonly known as collective bargaining as both the parties eventually agree to follow a decision that they arrive at after a lot of negotiation and discussion.

Importance of Collective Bargaining:

The collective bargaining advances the mutual understanding between the two parties i.e., employees and employers.

The role of collective bargaining may be evaluated from the following point of view:

(1) From Management Point of View:

The main object of the organisation is to get the work done by the employees at work at minimum cost and thus earn a high rate of profits. Maximum utilization of workers is a must for the effective management. For this purpose co-operation is required from the side of the employees and collective bargaining is a device to get and promote co-operation. The labour disputes are mostly attributable to certain direct or indirect causes and based on rumors, and misconceptions. Collective bargaining is the best remedial measure for maintaining the cordial relations.

(2) From Labour and Trade Union Point of View:

Labour has poor bargaining power. Individually a worker has no existence because labour is perishable and therefore, the employers succeed in exploiting the labourers.

Problems and objectives of bargaining

Moreover, problems and goals of the bargaining process, such as those listed below, are widely shared by social actors.

Negotiations appear to be highly fragmented, with a multiplicity of bargaining units. This makes it difficult to conclude agreements at different levels. The main problem in this case is usually the absence of bargaining at sectoral and state level. Innovation in goods and services often leads to changes in productive activities, and to the emergence of new activities that replace the previous ones in a partial and misleading way. This sometimes gives rise to a diversification in collective bargaining, including overlaps and confusion. The new productive context includes the emergence of new forms of business organisation and new relationships between companies – for example, in terms of networking and outsourcing. Work is often affected by different companies jointly or interdependently.

Sometimes, negotiations can be extended for an excessive period of time.