CHAPTER 1

INTRODUCTION

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INTRODUCTION

Harmonious relations in every sphere of human activity are an essential condition of social, economic and political progress. But the increasing complexity of the modern industrial system has tended constantly to widen the gap between those who own and manage industry and those who work in it. This gap gives rise to conflict in labour management relations, resulting in the fall in production and hardship to the community. The conflict of interests between the two parties has existed from the beginning. Workers' efforts to achieve higher wages and other economic benefits, greater security of employment, greater freedom and dignity at the work place, have always been viewed with misgivings by employers and have been resisted by them as encroachments upon their profitability, their freedom to 'hire and fire' and to control the operation of their enterprises as a whole.

Because of this conflict of interest and the power conflict, differences and disputes arise between employers and employees. It would be unrealistic to expect that differences and disputes between the two parties can be prevented from ever rising. Good industrial relations practice seeks to resolve these differences and disputes as they arise, often to forestall the disputes, without having to resort to actual industrial conflict in the form
of work stoppages. But the solutions are not always simple or easy to find for, there are no common yardsticks or norms acceptable to both the parties by reference to which the fairness or otherwise of a proposed solution can be demonstrated. For instance, the employer views the issue of wages and other monetary benefits in the context of his 'capacity to pay', while the worker views it in the context of the needs of his family. To the employer, the freedom to 'hire or fire' is vital, while for the worker, security of employment is even more vital. What is discipline to the employer is often unjustified constraints and irksome sets of do's and don'ts to the workers. Arguments alone can not therefore, yield a solution viewed as fair and equitable by both sides nor can an impartial agency's decision be accepted as such, since each side tests the solutions against its own norms. The effort, therefore, has to be to adjust the interests of the two sides to a point where each side feels that, in the given situation, an optimum satisfaction of its interests is achieved. The point of such adjustment will change from time to time and from situation to situation. The achievement of a solution would lie not in its supposed intensive impartiality or rationality, but in its acceptability to the two sides in the given situation. Collective bargaining is the process by which the parties conduct the search for the acceptable point of adjustment of their divergent interests. This process of collective bargaining has become one of the greatest forces in our
society; it has become the most important way of life in labour management relationship. A sound economy hinges on how well this great force is assimilated and whether it develops mainly in constructive or disruptive directions. Collective bargaining in our society is an amazingly complex institution—particularly when viewed in relation to the atomic and electronic age, peace with its 'cold war' implications on social structure, continuing automation, increasing governmental intervention in labour management relations, and the hardening of managerial and trade union attitudes.

We constantly read about collective bargaining in our newspapers and magazines or hear about it over the radio and television. Yet few people if asked, would be able to define collective bargaining, although undoubtedly most people would have opinions 'for' it or 'against' it. Some people might try to describe collective bargaining in terms of strikes and the resolution of industrial conflict, others, in terms of negotiations between union leaders and management officials who are under pressure to beat a strike deadline established by the union; still others, in terms of a power process in which the ultimate price of labour is determined by the relative power positions of the two parties. The behavioural scientists might describe collective bargaining in terms of its economic, sociological, psychological and political implications for the society.
Collective bargaining directly affects trade union members through the setting of wages, hours of work and other terms and conditions of employment. Indirectly, it affects large number of earners and encourages their employers to maintain good employment relations if only to avoid unionization. It also affects (1) the consumer, through the production or the withholding of goods and services; (2) the stock holder, through profits or losses of the enterprise; and (3) the government in attempt to alleviate or prevent industrial conflict in the market place.

Collective bargaining is not an innovation for India, though its importance in Indian industry has become much more with the dawn of independence and adoption of Democratic Socialism. There have been a number of such collective agreements in the past as well as at present. The first plan observed, "Although collective bargaining, as it is known and practised in India, is virtually unknown in India as a matter of principle it was accepted for usage in union-management relations by the State. . . . . . The endeavour of the State has all along been to encourage mutual settlement, collective bargaining and voluntary arbitration to the utmost extent, and thereby reduce to the minimum occasions for its intervention. . . . . . The workers right of association, organisation and collective bargaining is to be accepted without reservation as the fundamental basis of the mutual relationship". However,
because of the emergency political and economic state was not prepared to encourage voluntary negotiations and the resulting show of strength by both parties; hence it armed itself with legal powers to refer disputes for settlement by arbitration and adjudication on failure of efforts to reach a mutually acceptable settlement. But many labour leaders opposed compulsory arbitration, since it distorted the image of industrial relations in India. Dr. V.V.Giri, expressing his views before the Indian Labour Conference, 1952 said "Compulsory arbitration has cut the very roots of trade union organisation. If the workers find that their interests are best promoted only by combining; no greater urge is needed to forge a bond of strength and unity among them. But compulsory arbitration sees to it that such a bond is not forged. Let the trade unions become strong and self reliant. They will then know to organise themselves and get what they want through their own strength and resources. It may be that until the parties have learnt the technique of collective bargaining, there are some unnecessary trials of strength, but whoever has heard of a man learning to swim without having to drink some gulps of water?".

Despite all this controversy, collective bargaining began to be introduced in India for the first time in 1920 at the instance of Mahatma Gandhi to regulate labour management relations between a group of employers
and their workers in the textile industry at Ahmedabad and it gradually acquired prominence in the following years. Without any statutory measures on collective bargaining, the voluntary measures like tripartite conference, joint consultative board, industrial committees, wage boards, code of discipline and working parties at the industrial level have played a vital role in the development of collective bargaining in India.

Most of the collective bargaining (agreements) have been at the plant level, though in important textile centres like Bombay and Ahmedabad industry level agreements have been common. Such agreements are also to be found in the plantation industry in the South and in Assam. In Steel industry, both plantwise and industry wise bargaining take place. At the industry level, wage is determined by the National Joint Consultative Committee for the Steel industry comprising of the representatives of the recognised union and management of all the Steel plants, representatives of Steel Authority of India Ltd., and members representing national unions. At the plant level the recognised unions enter into agreements with the management on issues other than wages. The historic agreement on wages was concluded in Steel industry through bilateral negotiations at the industry level. It was signed on 27th October, 1970. This unique agreement was made after 23 joint meetings spread over a period of 11 months, and has the distinction of being the first industry level wage
settlements between the management and the labour union in India, on a joint basis. The main objectives of this joint forum were to determine a suitable wage to reach an expeditious settlement to negotiate bilaterally without the interference of any third party; to achieve an agreement without industrial disputes; and to lead improvements in productivity.

**Literature overview:**

Collective bargaining is about collective relations. The unions are the pistons in modifying these by their work in the market place. A bargain can be defined as a contract struck between two or more parties, or a purchase where the cost is below market price or expectations of price. The former describes a collective bargaining situation, the latter is what collective bargaining hopes to stop an employer obtaining for his own profit.

Towards the end of 19th century, the idea of collective bargaining was originated in the writings of Sidney & Beatrice Webb. Webb described collective bargaining as one of the several methods used by trade unions to further their basic purpose of maintaining or improving the conditions of their members. In their analysis, it appeared as an alternative to the methods of mutual insurance and legal enactment, and all these concepts were formed in order to categorize the observed activities of trade unions in the 19th Century Britain.
In short, for the Webbs, collective bargaining was exactly the words imply: a collective equivalent and alternative to individual bargaining, where workmen were willing and able to combine, they preferred it to bargaining as individuals with their employer because it enabled them to secure better terms of employment by controlling competition among themselves.

Be they management, trade union functionaries, government leaders or academicians, all are unanimous on one thing: that collective bargaining is the most desirable method of conflict resolution in industry. It is the process by which the antithetical interests of supply and demand, of buyer and seller, are finally 'so as to end' in the act of exchange.

Employers could hardly be expected to welcome a strengthening of the bargaining position of their employees unless it brought them some compensating advantages. Webbs, however tended to assume that collective bargaining was something forced upon employers against their will by strikes and other union sanctions. It is easy to appreciate the inadequacy of any theory of either the nature or the growth of collective bargaining which sees in only as a method of trade unionism and over looks in its development the role of employers. But the Webb's view was open at the time to a more fundamental theoretical objection.
Considering many deficiencies of the traditional view of collective bargaining and its twentieth century development, N.W. Chamberlain attempted to outline a 'generic definition of the institution'. He proposed that all the theories held about the nature of bargaining could be reduced to three:

1. a means of contracting for the sale of labour,
2. a form of industrial government, and
3. a method of management. He called them respectively the marketing, the governmental and the managerial theories in the context of America, though his supporting arguments have a more universal application.

Dunlop's view of collective bargaining involves the 'determination of priorities' within each side in the bargaining process. He advocated that a homogenous union negotiates with a homogenous management or association is erroneous and mischievous. A great deal of the complexity of bargaining involves the process of compromise and assessment of priorities within each side. In an important sense collective bargaining typically involves three coincidental bargains - the rejection of some claims and the assignment of priorities to others within the union, an analogous process of assessing priorities and trade offs within a single management or association, and the bargaining across the table. The same process is involved in the
Walton & Mc Kersie's treatment of labour negotiation process is intended to analyze four systems of activities which together account for almost all the behaviour in negotiations. They referred it to each of the distinguishable systems of activities as a sub process. The first sub process is 'distributive bargaining', its function is to resolve pure conflicts of interest. The second, 'integrative bargaining', functions to find common or complementary interests and solve problems confronting both parties. The third sub process is 'attitudinal structuring' and its functions are to influence the attitudes of the participants towards each other and to affect the basic bonds which release the two parties they represent. A fourth sub process 'intra-organizational bargaining', has the function of achieving consensus within each of the interacting groups.

Flanders' concept of collective bargaining as 'joint regulation' of labour markets and labour management seems more satisfactory on the grounds that it encompasses in one point of view all industrial relations system where collective bargaining is an existing process, the degree to which the 'joint' character of regulation is more or less important of course varying widely, but being always present. The joint management concept in contrast implies an integration of views which might not exist in all systems (U.S. workers
through collective bargaining or union representation have a larger share of 'Co-management' than German workers through co-determination. Therefore, Flander's concept of joint regulation as opposed to joint management allows to distinguish more clearly two antagonistic principles which are implied in the nature of collective bargaining, i.e., conflict and co-operation, which constitute the basis for joint regulation. Collective bargaining, therefore, rests on a mixture of these forces in various proportions. According to Dubin, Collective bargaining can be defined as 'antagonistic co-operation,' or in Schelling's terms, 'interdependent decision,' precarious partnership or 'incomplete antagonism.' According to Harbison, Burns and Dubin, the basic structural types of bargaining relationships fall into three general classes:

1. Generating types - setting the pattern for other bargaining relationships and having a direct influence on other types;
2. Satellite types following the pattern set by the generating types; and
3. Semi-isolated types which tend to be independent of all types.

Their distinction between generating and Satellite types, however, has an interesting application to the pattern bargaining phenomenon. Pattern bargaining refers to the development of a particular wage or fringe benefit package.
negotiated between a union and a major employer in a particular industry, the substance of which then becomes the basis for negotiation in other firms in that industry or related industries.

Any of these forms of 'bargaining', whether they take place in industry or politics, are in the modern idiom 'pressure group' activities, and the resulting deals, through they may be called 'bargains' are in reality compromise settlements of power conflicts. This brings us to the second truly characteristic feature of collective bargaining, apart from being a rule making process, namely that it is a 'power relationship' between organisations.

Collective bargaining frequently is not defined, but is known by its characteristics, which include; the organizations involved, the power relationships between the bargaining parties involved in negotiations, administration, interpretation and enforcement of bargaining agreement and the process of accommodating conflict between management and the union. This idea that collective bargaining leads to acceptable compromises rather than to logical conclusions reaches to the very heart of things. It leads that way because it is a driving social organism with a way of life of its own. "Collective bargaining is a process of growth; it is the reflection of something that is always becoming. It is a part of the developing morality that manifests itself in our industrialized society, and as
such it links in with the basic moral principles of our world. Its logic is the logic of man's progress in the creative role assigned to him in the general scheme of things. It, like the cosmic order of the universe, has an order and harmony of its own, instituted by reason but opposed by the forces of disorder.23

As a method for promoting industrial peace and facilitating economic growth, collective bargaining has been increasingly resorted to almost everywhere, including India. According to a report of the I.L.O. (International Labour Organisation), it has been estimated that the conditions of work of one third of the non-agricultural labour force in USA are determined in this way; that in Switzerland about half the nation's industrial labour force is covered by collective agreements; and that at least half of the industrial workers of Austria, Belgium, the Federal Republic of Germany, Luxembourg and Scandinavian countries and the United Kingdom are also covered by such agreements. The practice of collective bargaining has also spread to large number of workers in the less developed countries though the proportion covered is still low, in all of them.24

In India, in the draft First Five Year Plan, collective bargaining was lauded as a method of regulation of mutual relations between labour and management. . . . the endeavour of the state has all along been to encourage
mutual settlement, collective bargaining and voluntary arbitration to the utmost extent, and thereby reduce to the minimum occasions for its intervention. The workers' right of association and collective bargaining is to be accepted without reservation as the fundamental basis of mutual relationship.  

Collective bargaining has now become an accepted process of labour management relations in India where issues of conflict are considered at a joint forum. Initially the state had taken statutory steps to protect and promote trade unions, to enable them to become self-reliant and acquire collective cohesion to negotiate with the employers effectively. Despite the fact that trade unionism in India is exposed to factionalism and plurality arising from its political moorings, the protection extended to it by the state had made it acquire a measure of viability. The growth of collective bargaining is closely associated with the growth of trade unionism in India. The trade union movement revolves around collective bargaining. The important trend in collective bargaining in India, however, is the expansion in the number and types of subjects it covers.

As yet, labour legislation in India does not recognise a workers' bargaining agent, only some state laws did so in a limited way. Y.R.K. Reddy criticised that no serious effort has been made at the national level to lay down a proper procedure of the bargaining. The National
Commission on Labour recommended statutory recognition of a majority union as the sole bargaining agent on behalf of the employers. Such recognition would facilitate the process of collective bargaining. The Commission observed that, 'the best way to solve industrial dispute is for the parties to the dispute to sit at a table, talk over their differences, enter into a process of negotiations and bargaining, and settle them'. The Commission further notes that settlement of disputes, reached by mutual discussions, debate and negotiations, leave no rancour behind and helps to create an atmosphere of harmony and co-operation. In that process trade unions become stronger, and employers become more friendly and responsible to trade unionists. Krishna Pillai briefly tracing the growth and the place of collective bargaining in Indian industries, emphasised the value of bargaining and discussed the impediments in the way of its successful functioning. According to him the state intervention through conciliation, legislation and decisions of tripartite bodies hamper the growth of collective bargaining. Trade unions are weak and agitational due to spoon feeding. They will become strong and responsible by practice of collective bargaining. Agreements negotiated with unions recognised under the code of discipline should be much binding on all workers for a specified period. There are obstacles in the way but the employers have to realise that collective bargaining is the best method to achieve higher productivity and more efficient performance.
Objectives of the study:

The following objectives were kept in view for the present study after extensively reviewing the literature:

(i) to study the benefits availed by workers in terms of wages and other terms and conditions of employment through collective bargaining;

(ii) to study the organizational climate for collective bargaining;

(iii) to study the nature and the extent of the scheme of 'collective bargaining' both at the plant and industry level;

(iv) to study the impact of the 'workers' desire to bargain' and other personal characteristics on collective bargaining;

(v) to evaluate the functioning of the scheme and identify the operational impediments to it;

(vi) to study the attitude of the parties to bargaining i.e., management personnel, workers and trade union leaders;

(vii) to suggest measures for successful working of collective bargaining in the Plant.
Scope of the study:

The study was conducted in Rourkela Steel Plant, a Government of India Undertaking located at Rourkela in Orissa, during March-June, 1984.

Hypotheses:

On the basis of the findings of the previous authors, as revealed from the literature overview, the following hypotheses were tested in the present study.

(i) Collective bargaining helps the workers in improving their economic conditions in terms of more wages and better terms and conditions of employment.

(ii) There is an increasing concern by management and workers' representatives to settle the issues relating to terms and conditions of employment through collective bargaining.

(iii) The workers' 'desire to bargain' is influenced by factors like education, skill, experience, promotion, interest in the job, salary, satisfaction with supervisory relationship and better relations with co-workers.
The trade unions like to make managerial prerogatives (recruitment, promotion, training etc.) bargainable items while the management personnel do not support this view.

Methodology:

(a) Sources of Data

The data for the present study were collected from two sources i.e., secondary and primary.

(i) Data relating to the history of the organization, the size and structure of manpower, history of trade unionism, industrial relations, details of collective agreements etc. were collected from secondary sources. For this purpose the handouts, official records, publications and the memorandum of agreements were examined. The secondary data were collected both from plant and union offices.

(ii) The primary data refer to the attitudes of management personnel, workers' and union leaders on different aspects like unionism, organizational climate, functioning of collective bargaining and desire of the parties to bargaining etc. To collect the primary data three schedule were prepared; each for management, workers and union leaders. The schedules were
prepared after a pilot study and necessary additions and omissions were made on the basis of the results obtained from the pilot study.

(b) The Sample:

In selecting the sample, sufficient care was taken to include different categories of management, union leaders and workers. For this purpose, stratified, purposive and random sampling were used in selecting the respondents.

The management respondents in the sample included top and middle management representatives of different departments and officers of personnel department. The trade union respondents included the Presidents, Vice-Presidents, General Secretaries and Treasurers of all the nine unions functioning in the plant. For this purpose, purposive sampling was used.

In selecting workers representatives in the sample, care was taken to include persons from different categories of operatives and non-operatives and those who have participated or have idea on bargaining systems in the plant.

After scrutinizing the schedules carefully, the schedules completed in all respects were taken into consideration. The sample covered the departments like
Blast Furnace, Coke-Oven, Rolling Mills, Pipe Plant, Steel Melting Shop etc. and offices. The following are the numbers included in the sample for analysis.

<table>
<thead>
<tr>
<th>Categories of respondents</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Management</td>
<td>74</td>
</tr>
<tr>
<td>2. Trade union</td>
<td>51</td>
</tr>
<tr>
<td>3. Workers</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>307</strong></td>
</tr>
</tbody>
</table>

(c) Methods of data collection:

For collection of secondary data, the published materials, records and files were examined and for the purpose different offices in the plant and respective union offices were visited. Besides, the researcher visited different libraries to collect relevant literature and other informations relating to the topic.

For the primary data, the management and union leaders were supplied with the structured questionnaires and returned it after duly filled in. But the workers' representatives were interviewed personally by the researcher at the work place with the help of a structured schedule. Besides, the management and trade union leaders
were interviewed wherever felt necessary. Sometimes also group discussions in union offices were held to discuss the different aspects of the topic. Their views were ascertained on a five point scale.

(d) **Difficulties faced in data collection**:

In a giant unit like Rourkela Steel Plant, it was difficult to cover all departments and interview the respondents. Many management respondents were neither available nor willing to give interview in the first attempt. Similarly it was difficult to meet and interview the union leaders in their respective offices as they were not attending the offices regularly. Quite a few of workers' respondents were initially reluctant to give their opinions and finally responded to the questions put to them.

(e) **Data Processing and Analysis**:

The data were processed and analysed manually. The opinions of the respondents were ascertained by a five point scale i.e., very much dissatisfied, dissatisfied, undecided, satisfied, very much satisfied. After the scores were obtained, mean scores and standard deviations were computed in respect of all categories of respondents. Tests like 't', chi-square, coefficient of correlation etc. were used in the analysis.
REFERENCES:


3. Ibid., p.2.


19. F.H. Harbison, Robert K. Burns & Robert Dubin,


27. For example Bombay Industrial Relations Act, 1946.


