

Collective Bargaining: Definition, Types, Features and Importance

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.

According to Beach, "Collective Bargaining is concerned with the relations between unions reporting employees and employers (or their representatives).

It involves the process of union organization of employees, negotiations administration and interpretation of collective agreements concerning wages, hours of work and other conditions of employees arguing in concerted economic actions dispute settlement procedures".

Types of Collective Bargaining

Not all types of collective bargaining are the same. In fact, collective bargaining can be divided into several categories. We've noted some of the most common types below.

Composite Bargaining

Composite bargaining has nothing to do with compensation. Instead, it focuses on other issues, such as working conditions, job security, and other corporate policies, These may include hiring and firing practices as well as workplace discipline. The goal of composite bargaining is to come up with a suitable agreement leading to a lasting and harmonious relationship between employers and their employees.

Concessionary Bargaining

As its name implies, concessionary bargaining focuses on union leaders making concessions in exchange for job security. This is common during an economic downturn or recession. Union leaders may agree to give up certain benefits in order to guarantee the survival of the employee pool and, ultimately, of the business.

Distributive Bargaining

This process is characterized as benefitting one party financially at the expense of the other. This can come through increased bonuses, salaries, or any other financial benefits. Distributive bargaining normally favors workers over employers.

Unions must have a higher degree of power in order for distributive bargaining to work. Higher membership means more power. If an employer refuses to accept a union's demands, it can call a strike.

Integrative Bargaining

Each party tries to benefit through integrative bargaining, which is why it's often referred to as a form of win-win bargaining. Each side tries to consider the other's position and bring issues to the table that aim to benefit both parties. As such, employees and employers both stand to lose and gain with integrative bargaining.

Productivity Bargaining

This type of bargaining revolves around compensation and the productivity of employees. Labor union leaders often use higher salaries and compensation as a way to boost employee productivity, which leads to higher profits and value for the employer. In order for this kind of bargaining to work, both parties need to agree to financial terms in order to increase productivity.

Advantages and Disadvantages of Collective Bargaining

Advantages

As the name implies, workers have a larger voice through collective bargaining. Being in a group with the same goal(s) gives employees more power to negotiate demands with their employers.

Companies may be able to shut out the voices of one or two employees but can't necessarily do the same with a larger group of unified individuals.

Workplace conditions under collective bargaining can see significant improvements and guarantee all workers the same protections. This includes the implementation of health and safety checks as well as suitable salaries, overtime pay, and vacation time.

Employers and employees are fully aware of their rights and responsibilities under a collective bargaining agreement. Once employment terms are negotiated, a contract is drawn up. Both parties agree to the terms, which are clearly defined.

Disadvantages

As mentioned above, collective bargaining is often a long, drawn-out process that can take weeks or even months. Employers and labor union leaders may have to go back and forth with employment terms. Union leaders are required to update employees and must put the terms to a vote. If employees vote to reject a contract, the negotiating process begins again.

Collective bargaining often comes at a high cost. Employees and employers may have to take time off from work in order to negotiate. This means less time on the job and, therefore, a drop in productivity. Lengthy negotiations can affect a company's bottom line.

The process is often considered biased. Because employees are able to band together under a single union, employers may be forced to negotiate and accept unfavorable terms in order to keep their businesses running without much disruption.