Collective Bargaining

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Abstract

Collective bargaining is concerned with the relations between employers acting through their management representatives and organized labour. It is concerned not only with the negotiation of a formal labour agreement but also with the day-to-day dealings between management and the union. Because the management of the people in so many organizations is closely intertwined with union-employer relationships, it is essential that the student and the practitioner of management develop a sound knowledge of collective bargaining. Furthermore, the effect of collective bargaining extends beyond these establishments that are unionized. It impacts upon the economy as a whole, upon the practices of non-union organisations and upon the society at large.

Key Words: collective bargaining, negotiations, union-employer relationships.
**Introduction**

Collective bargaining according to Salamon (1957) is a method of determining terms and conditions of employment, which utilizes the process of negotiation and agreement between representatives of management and employees. It provides a formal channel through which the differing interests of management and employees may be resolved on a collective basis. Mulvey (1986) defines collective bargaining as a system based on self-determination with the contracting parties voluntarily assuming responsibility for reaching an agreement and honouring that agreement. According to International Labour Organization (ILO) Convention No. 98, by Nyman C (1981 p.4), collective bargaining is seen as a voluntary negotiation between employers’ organizations and workers’ organizations with a view to regulating terms and conditions of employment by collective agreements.

Collective bargaining is a process:-

- which presumes a place for organizations in a process;
- which involves direct negotiations between those organizations, i.e. representatives of employees and management;
- whose outcome seeks to constitute agreement on substantive matters relating to wages and salaries and terms and conditions of service.

Collective bargaining is the linchpin of plurist industrial relations. Dufty and Fells (1989 p.1 14) say that collective bargaining is a term that symbolizes industrial democracy because unions and employers participate on the basis of equality in the determination of wages and the conditions of employment.
Conducive Conditions of Negotiations

The purpose of any negotiation is to reach an agreement acceptable to the negotiating parties. However, the agreement so reached by the negotiators is subject to the endorsement of the affected membership. Fowler (1986) identifies some of the necessary conditions for negotiations:

- negotiation involves two or more parties.
- the parties need each other’s involvement in achieving some jointly desired documents.
- the parties must consider negotiation as the preferred way of resolving differences.
- each party must retain hope of an acceptable outcome and some concept of what that outcome might be,
- each party must have some degree of power or influence over the others’ ability to act.
- the negotiation process itself is so essential for the interaction of the parties that aim to resolve their differences.

Elements of Collective Bargaining

Enumerated below are some key elements of collective bargaining systems:-

1. Niland (1978) says that the parties to the collective bargaining set out to reach an agreement on industrial relations matters through direct negotiations, to resolve disputes and or to determine the ground rule for the conduct of the employment
relationships. Collective agreements may also address the rules for future bargaining, where this is not covered by obligations under the legislation governing collective bargaining.

2. The outcomes of collective bargaining are not always clear, or predictable: negotiation is a contradictory process involving adversarial role and compromises and accommodation will depend upon a number of factors such as external environmental factors including the state of the economy, the nature of the good or service market, the state of the labour market or the prior history of relationships between the parties. In addition, the success of negotiating tactics will depend upon the skills of individuals, the perceptions of party principals about the strengths of the other party and the employment of other, industrial action outside the negotiations.

3. Collective bargaining systems rely upon the parties bargaining in good faith. This is usually guaranteed by collective legislation.

4. Third party intervention occurs only after the parties reach an impasse in negotiations. Conciliation and arbitration either may be determined by the parties in earlier agreements or be provided by established state institutions. The later has been the case in Australia where the Industrial Relations Commission’s principal conciliation or arbitration is possible under most collective bargaining law in western market economies.
An agreement reached as an outcome of collective bargaining, is binding on parties to the agreement. Collective bargaining legislation imposes obligations on the parties to adhere to the terms of an agreement. In Zimbabwe, agreements are required to be registered by the Registrar of Code of Conduct to provide legal protection to the parties.

**Distinction Between Conciliation and Arbitration**

Conciliation is defined as a dispute resolution strategy in which a third party intervenes in the event of a breakdown between the parties in dispute in an effort to:

- identify the cause and extent of their differences by examining the real positions as distinct from the negotiating positions of the protagonists.
- proffer alternative solutions in order to ascertain the implications of the options and their acceptability to each of the parties.
- develop a mutually agreed settlement to the dispute through negotiation.

The conciliator, however, has no power to force the terms of a settlement on the parties if either one or both refuse to accept a recommended settlement.

Arbitration, on the other hand is a strategy where an independent third party intervenes in dispute in which:-
• the parties present their cases for consideration by the arbitrator.
• the arbitrator determines the solution having regarded to the material presented and the objects of the legislation under which arbitration is established.
• the decision taken (i.e. the award or determination) by the arbitrator is binding upon the parties.
• there are penalties for non-compliance with the arbitrator’s award.

Arbitration usually follows the failure of conciliation, but sometimes following a breakdown between the parties. Unlike conciliation, the arbitrator is not obliged to seek a mutually acceptable solution, although in Australian system a member of a commission had to consider the position of the parties to ensure that in the prevention and settlement of industrial disputes, proper regard is had to the interests of the parties directly concerned.

The distinction between collective bargaining and conciliation is fairly simple. Collective bargaining can be distinguished from conciliation where negotiation may eventuate but at the instigation, the intervention and the involvement of a conciliator in the attempt of developing an agreement between the parties in dispute. It will be clear then, that conciliation is only necessary when the direct negotiation process either does not commence or if negotiations have progressed but foundered.
Conciliation and Arbitration in Collective Bargaining Systems

In countries where the collective bargaining processes are central to dispute resolution and agreement making, conciliation and arbitration processes are supplementary to negotiation. Conciliation and arbitration may be organized in public institutions or they may consist of private arrangements between parties in dispute, with procedures set down in the collective agreement. Private arrangements may be incorporated in collective agreements: in Britain, the form of dispute-settlement procedures in multi-employer in Sweden, arising from longstanding multi-industry agreements and in Germany, from the multi-industry. In all the three cases, public institutions also carry out conciliation and arbitration functions.

In Japan Labour Relations Adjustments Law provides for three levels of third party intervention in the settlement of industrial disputes through the Labour Relations Commissions (LRC). An LRC Commissioner can offer a settlement proposal during conciliation procedures. Acceptance is not compulsory. This is the more common form of dispute resolution. A second level of dispute settlement is provided by mediation. Mediation Committee can also prepare a proposal for settlement, recommending acceptance by the parties. Such acceptance is also voluntary.

Arbitration, however, carries the legal force as a collective bargaining agreement.

In Zimbabwe, the three-tier level third party intervention in the settlement of industrial disputes is now through the Labour Officer, Labour Court and the High Court. The Labour Officer serves on a conciliator / mediatory role while the labour Court gives a
determination / award to a dispute. However, any dissatisfied party to the dispute can appeal to the High Court against the Labour Court’s award or determination.

Centralized or Decentralized Negotiations

Negotiation between employers and unions can be single employer or multi-employer. In most cases, employers’ organizations are involved in multi-employer bargaining.

In Zimbabwe both structures are operative. Single-employer negotiations mostly occur in the public sector while multi-employer bargaining usually occurs in the private sector. In USA, both structures (i.e. single — employer and multi-employer bargaining) are utilized. Single-employer negotiations generally occur in the manufacturing industry while multi- employer bargaining is found in the clothing industry or construction industry on a regional or city basis.

Some multi-employer bargaining occurs in Japan in the shipping and the railways. Centralized collective bargaining occurs during the Shunto or Spring Labour Offensive, between the central union bodies and Nikkeiren, the Japan Federation of Employers’ Association. Most collective bargaining following the standards set for the following months in wages and conditions during the Shunto, are single employers.

In Western European countries, multi-employer negotiations are usually involving employer associations. These involve two main areas of the agreement.
• rules which deal with the procedures for the conduct of negotiations and the handling of grievances and disputes.

• substantive matters of employment including wages and terms and conditions.

Collective bargaining, which occurs when a union represents the employees, is a type of participation programme distinctly different from, all other participation methods. Collective bargaining is not instituted by management (except in special circumstances) but by a trade union. Bargaining relationships usually commence as a result of a union organizing campaign and their election conducted by the National Labour Relations Board to determine whether the employees wish to have a union to represent them in negotiations with the employer over such matters as wages, hour of work and other conditions of employment. Unions do solicit opinions of their members at their regular meetings regarding the collective bargaining demands to be made on the employer regarding the handling of the day-to-day problems at places of work.

Thus, it can be accurately said that, employees through their elected leaders do participate on an equal footing with company representatives in negotiating labour agreements, in administering the agreement and in processing grievances. The union leaders, who usually are company employees, help make decisions regarding pay rates, seniority rules, pension plans, order of layoff, vacations, holidays, grievance procedures, benefit plans and hours of work.
References


TRADE UNIONISM: GOOD OR BAD FOR PRODUCTIVITY

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Abstract

Organized labour exerts a strong influence upon the individual organization and upon the economic, social and political climate of a country. When the employees of an establishment are represented by a union, policies and practices affecting the employment relationship that were formerly decided by management alone become subject to joint determination. Wages, hours and other terms of employment are bargained jointly between union representatives and employer representatives. When management contemplates taking certain personnel actions, it takes into account the likely attitude and position of the trade union on such matters. Certain actions that had been conducted between managers and employees (as individuals) before the entrance of the union are now carried out through union officials. The attitudes of the union leaders and their members affect management programme of technological innovation, productivity improvement, job evaluation and setting of workload standards. Such a situation therefore, calls for the understanding of industrial relations which describe and outline empirical findings and tools that explain the complex nature of interactions between employer and employees in their many contrasting often contradictory aspects. I hope, in using the article, readers will gain some insight into the rich diversity and yet underlying coherence of industrial relations.

Key Words: organized labour, employment relationship, union and employer representatives, productivity levels.
Introduction

Two schools of thought have characterized the analysis of trade unions and productivity. Some economists and those who support deregulated “free markets” traditionally, view unions as an impediment to the workings of the free markets and therefore maximizing the use of labour and, in turn, productivity. In other words, unions are seen as impending managerial prerogative. In early 1980s, an alternate school of thought (the Harvard School) reconsidered the role of unions at the work place and found that unions could enhance productivity most notably through providing a voice which workers could air their grievances rather than simply quitting the firm. Thus, according to Sloan and Wooden (1990), since the late 1970s, the question of whether trade unions enhance or detract from productivity at the work place has become very controversial.

Unions as an Impediment to Productivity

Alternatively and frequently, unions are viewed as an impediment to productivity. The features of the neo-classical approach to trade unions and productivity are:

- Unions force wages to be lifted too high;
- Firms respond by shedding labour in unionized work places and substituting capital for labour;
- Displaced labour is either:
a. employed in non-union firms, but for lower wages in less productive labour-intensive activities.
b. remains unemployed. To this end, the overall impact will be declining output, with the impact dependent upon the magnitude of labour shedding. The more responsive are employers and consumers to relative price effects, the larger will be the predicted fall in output.
c. reduced levels of investments in unionized firms.
d. reduced managerial discretion.
e. the promotion of adversarial labour relations.

The traditional craft/occupation distinctions between unions are seen as mitigating against and hindering the development of work-place efficiency. The structure of work place unionism was seen as having little, if any, relevance to the needs of enterprises, firms or the industries in which they operated.

**Unions as an Enhancement to Productivity**

Frenkel and Peetzy (1990) say that unions may be viewed as an enhancement to productivity. The Harvard School emphasizes the following characteristics of unionized work places:
1. Unions, by providing an effective collective voice in the workplace, enable more satisfactory work arrangements to be developed for the benefit of employees and employers:

- “the public good” nature of workplace issues means that action by individuals will benefit the majority yet most individuals are inclined to be “free riders” so that action has to be taken collectively rather than relying on an individual;
- individual workers will be reluctant to act on their own for fear of management reprisals;
- without a collective voice, individual workers will opt to quit the workplace rather than endure unsatisfactory working conditions.

2. Unions force management into adopting the most productive techniques. Union presence may sharpen the incentive of employers to adopt best practices, because other routes to profitability (low wages, sweating) are made more difficult. Conversely, where collective organization is absent, employers may postpone investment and endeavour to maximize profits by working with existing productive resources more intensively. Short-term gains are thus secured at the expense of dynamic efficiency (Freeman and Medoff, 1994) and (Nolan and Marginsom, 1990).

The debate on these two approaches to unions on productivity has largely developed into a series of statistical analysis of case studies of union and non-union firms, with, in effect, a head count being performed of the number of workplaces, which conform to each
school’s position. This has resulted in unions being viewed relatively positive in the Harvard Literature (1980), whilst the statistical tests have been used to justify a negative interpretation of the role of unions in Britain.

Alexander and Green (1992) are critical of both schools and make the point that, although not a trivial contribution, its methodology of distinguishing between union and non-union labour with a production function approach does not adequately explain or capture the mechanisms by which labour relations impact on the productivity of a work-place.

Alexander and Green (1992) make important point that it is too simplistic to look at union presence when assessing unions and productivity. The nature of union/management interaction and factors which impact upon the industrial relations environment at the work place will also impact upon productivity and efficiency. It is neither here nor there that trade unions either impede or enhance productivity.

**Role of the Industrial Relations Climate**

Productivity depends on the state of labour-management relations at the work place. When relations are good, workers and management may pull together for the benefit of the organization. Three studies have examined the link between productivity and the state of industrial relations at plants and all three studies have found strong support for this proposition. In an analysis of productivity at eighteen General Motors plants, Katz and Kochan and Gobeille (1990), found higher productivity where plant managers rated the
industrial relations climate as good or where the rate of grievances filed by workers was low (suggesting that workers viewed the state of labour-management relations as good).

In a detailed study of paper mills, Ichniowski (1992) of National Bureau of Economic Research obtained similar results: a plant with low rate of grievances filed in a given period, had notably better productivity than the same plant when it had a high rate of grievances filed. In addition, Ichniowske (1992) has estimated that because of the better productivity, low grievances plants have correspondingly higher profits, by as much as a third compared with high grievance plants. In the third study, Schuster (1990) of Syracuse University examined productivity at nine manufacturing plants over a period of five years during which a cooperative union management programme was introduced. He found an increase in productivity in six of the eight plants for which productivity could be measured. While all three of these studies were limited to organized plants, the implication is that the impact of unionism on productivity depends not only on what unions and management do separately but also on their relationships with one another. Where that relationship is good, productivity is higher than where the relationship is bad. The finding that unionism is generally associated with higher productivity implies that in most organized plants say in the United States and Japan, labour and management have developed amicable working relations. The lesson is that unionism per se is neither a plus nor a minus to productivity. What matters is how unions and management interact at work places.

What unions do to productivity is one of the factors in assessing the overall economic impact of unions. The new quantitative studies indicate that productivity is generally
higher in unionized establishments than in otherwise comparable establishments that are non-union, but that the relationship is far from immutable and has notable expectations. Higher productivity appears to run hand in hand with good industrial relations and to be spurred by competition in the product market, while lower productivity under unionism appears to exist under the opposite circumstances.
References


EMPLOYEE WELFARE

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Abstract

Staffs spend at least half their time at work or getting to it, or leaving it. They know that they contribute to the organisation when they are reasonably free from worry and they feel that when they are in trouble/ problems, they are due to get something back from the organization. People are entitled to be treated as full human beings with personal needs, hopes and anxieties. They are employed as people and bring themselves to work but cannot readily leave their troubles at home without solution to them in sight.

Key Words: labour contribution to the organisation, security of tenure, gratuity.
Introduction

Welfare includes such activities as private advice on any type of personal problem; assistance with problems of health or sickness; special responsibilities for young people and elderly and retired staff and the provision of sports and social facilities. An organization is concerned with these matters since the reputation for their showing concern helps to improve the local image of the firm as a good employer and thus assists in recruitment (Armstrong 1992 p.775). Welfare may not directly increase productivity but may add to general feelings of satisfaction with the firm and cut down labour turnover.

What sort of welfare?

Welfare services fall into two categories:-

- individual or personal services in connection with sickness, bereavement, domestic problems, employment problems and elderly and retired employees.
- group services which consist of sports and social activities, clubs for retired staff and benevolent organisation.

Personal services! Individual welfare services

According to Beach (1980) personal services should be provided when a welfare need is established and a welfare need exists where it is clear that help is required and that it cannot be given more effectively from another source, and that the individual is likely to benefit from the services that can be offered. In an organizational setting, an essential
element in personnel services is confidential. There is no point in offering help or advice to people if they think that their personal problems are going to be revealed to others, possibly to the detriment of their future careers. Armstrong (1992) says that this is the argument for having specialized welfare officers in organizations large enough to be able to afford them.

**Policy on Sickness**

The service aims to provide help and advice to employees absent from work for long periods because of illness. The practical reason for providing it is that they should help speed the return of the employee to work, although it is not part of the welfare function to check up on possible malingerers (Armstrong 1992). However the social reason is to provide employees with support and counsel where a welfare need exists. A welfare need exists where employees cannot help themselves without support and where such aid is not forthcoming from the state medical or welfare services or the employee’s own families.

Welfare needs can be established by keeping in touch with an absent employee. This can be done by rushing around as soon as anyone has been absent for more than say ten days or has exhausted sickness benefit from work. It is advisable to write to sick absentees, expressing general concern and good wishes for a speedy recovery and reminding them that the firm can provide help ‘if they wish or simply asking them if they would like someone to visit them.
The aims of the visit should be:-

- first, to show employees that their company and colleagues are concerned about ‘their welfare;
- second, to alleviate any loneliness they may feel, and;
- third, to provide practical advice or help.

More immediate help may be provided to deal with pressing domestic issues.

Bereavement

Armstrong (1992) says that bereavement is a time when many people need all the help and advice they can get. The state welfare service may not be able to assist and families are often non-existent or unhelpful. Established welfare organizations in industry, commerce or the public sector, attach a lot of importance to this service. The advice may often be no more than putting the bereaved employee or the widow or widower of an employee in touch with the right organizations, but it is often extended to help with funeral arrangements and dealing with “wills”, will probate matters.

Domestic problems

Domestic problems seem the least likely area for welfare services. Why should the company intervene, even when asked, in purely private matters?

Employers who have any real interest in the welfare of their staff cannot ignore appeals for help. The assistance should not consist of bailing people out of debt whenever they
get into trouble. However, in accordance with the basic principle of personal casework, employees can be counselled on how to help themselves or where to go for expert advice. A counselling service at work can do an immense amount of good, simply by providing an opportunity for employees to talk through their problems with a disinterested person. There is a limit to how much can and should be done in the way of allowing employees to pour out their troubles but, used with discretion, it is valuable service.

**Employment problems**

Employment problems should normally be solved by discussion between the individual and his/her boss or through the company’s grievance procedure. There may be times, however, when employees have problems over inter-personal relations, or feelings of inadequacy, about which they want to take to a third party. Such counselling talks as a means of relieving feelings and helping people to work through their problems for themselves, can do a lot of good, but extreme caution must be displayed by any company officials who are involved (Armstrong, 1992). They must not cut across line management authority but, at the same time, they must preserve the confidentiality of the discussion. The most that can be done is to provide a counselling service which gives employees an opportunity to talk about their problems and allows the counsellor to suggest actions the employee can take to put things right. Counsellors must not comment on the actions of anyone else who is involved. However, they can only comment on what the employee who seeks their help is doing or might do (Martin, 1987).
Elderly and retired employees

Warren (1990) says that welfare for elderly employees is primarily to prepare them for retirement and dealing with any problems they have in coping with their work. Preparation for retirement is a valuable service that many firms offer. Some companies have made special provision for elderly employees by setting aside jobs or work areas for them. However, this has dangers. Treating employees as special cases ahead of their time makes them over-aware of their condition or too dependent on the services provided for them.

Retired employees, particularly those with long service, deserve the continuing interest of their former employer. The interest need not be oppressive, but continuing social occasions can be provided for them.

Group welfare service

Group welfare services mainly consist of sports and social clubs, although some companies still support various benevolent societies, which provide additional help and finance in times of need (Wickens, 1987). Heinrich (1959), states that a massive investment in sports facilities is usually of doubtful value unless there is nothing else in the neighborhood. Companies should be prepared to share its facilities with the local community.

Facilities can be provided within the firm’s premises if they are needed and are readily available. An investment in special facilities should be made only if there is a real likelihood of their being used regularly by a large proportion of employees. This is an
area where prior consultation, before setting up the facility, and self-government, when it has been established, are essential.

**Conclusion**

It is however, increasingly being recognized that employee welfare is the responsibility of line management and supervision. If the line managers take on their proper role as team leaders as they are close enough to each worker, they should be in a position to identify any personal problems affecting the work of their subordinates. They should be able to either counsel the employees or refer them to the counselling agencies.
References