

# **Employee Relations and Wellbeing**

**Lecture Title:**

**The Collective Bargaining Process**



**Lecturer: Nathalie Xuereb Saydon**

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**Masters in  
Human Resources Management**

# **Learning Objectives**

- Describe the stages of collective bargaining and negotiation styles**
- Design a negotiation strategy that balances employer and employee interests**
- Critically evaluate the effectiveness of collective agreements**



# Group Discussion

**What do you understand by the term “Collective Bargaining”?**



# **Collective Bargaining Definition**

***“Collective bargaining is the method whereby representatives of employees (trade unions) and employers determine the terms and conditions of employment through negotiation, with the intention of reaching a collective agreement that is binding on both parties.”***

**Michael Salamon (2000)**



# **Importance of Collective Bargaining to Labor Relations**

| <b>Reason</b>                          | <b>Explanation</b>                                                                                                                                |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Balances Power Asymmetry</b>        | <b>Empowers employees by allowing them to negotiate collectively rather than individually, creating a more equal relationship with employers.</b> |
| <b>Regulates Employment Conditions</b> | <b>Establishes wages, benefits, hours, and working conditions in a structured and predictable way.</b>                                            |
| <b>Promotes Industrial Peace</b>       | <b>Provides a formal process for resolving disputes, reducing strikes, lockouts, and disruptive conflicts.</b>                                    |

# **Importance of Collective Bargaining to Labor Relations**

| <b>Reason</b>                                    | <b>Explanation</b>                                                                                                       |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>Enhances Worker Voice &amp; Participation</b> | <b>Ensures employees have representation in workplace decisions, contributing to workplace democracy.</b>                |
| <b>Encourages Stability &amp; Productivity</b>   | <b>Agreements create predictability for employers and improve morale and productivity for workers.</b>                   |
| <b>Acts as a Governance Mechanism</b>            | <b>Functions as a system of workplace regulation that supplements labor law and sets binding rules for both parties.</b> |

# Collective Bargaining Legal Frameworks

| Aspect            | European Union (EU)                                                                                                                                | United States (US)                                                                                                                                        | International Labour Organization (ILO)                                                                       |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Legal Basis       | <b>TFEU Articles 151–155, EU Charter of Fundamental Rights (Art. 28)</b> – recognizes right to collective bargaining and collective action.        | <b>National Labor Relations Act (1935)</b> – guarantees workers' right to unionize and bargain collectively (private sector).                             | <b>ILO Conventions No. 87 &amp; 98</b> – freedom of association and right to organize & bargain collectively. |
| Scope of Coverage | <b>Varies by member state; EU provides minimum standards and requires promotion of collective bargaining (e.g., 2022 Minimum Wages Directive).</b> | <b>Applies mainly to private-sector employees; many groups excluded (public sector in many states, agricultural &amp; domestic workers, supervisors).</b> | <b>Universal standards applying to all ratifying states (though implementation depends on national law).</b>  |

# Collective Bargaining Legal Frameworks

| Aspect         | European Union (EU)                                                                                                                  | United States (US)                                                                                          | International Labour Organization (ILO)                                                                                             |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Actors         | Social partners (ETUC, BusinessEurope, SMEunited, etc.) negotiate at EU level; national trade unions/employer orgs in member states. | National Labor Relations Board (NLRB) oversees process; unions certified by majority support among workers. | Tripartite model – governments, employers, and worker representatives participate equally in setting standards.                     |
| Enforceability | EU-level agreements can become directives binding on member states; collective agreements binding nationally by law or practice.     | Collective agreements binding once signed; enforced by NLRB and courts.                                     | Conventions are binding only on ratifying countries; compliance monitored through ILO supervisory system (not legally enforceable). |

# Collective Bargaining Legal Frameworks

| Aspect             | European Union (EU)                                                                                                             | United States (US)                                                                                            | International Labour Organization (ILO)                                                                 |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Right to Strike    | Recognized under EU Charter, but limited by ECJ balancing against economic freedoms (e.g., <i>Viking</i> , <i>Laval</i> cases). | Protected under NLRA (concerted activities), but with restrictions (e.g., certain strikes unlawful).          | ILO recognizes right to strike as part of freedom of association, though not explicitly in conventions. |
| Policy Orientation | Promotes high collective bargaining coverage and social dialogue as part of the “European Social Model.”                        | Adversarial, decentralized system; emphasis on majority-union representation and enterprise-level bargaining. | Normative framework promoting collective bargaining globally as a fundamental right.                    |

# **Which Framework Provides The Strongest Protection ?**

**- ILO: Sets the global moral standard but lacks enforcement power.**

**- US: Legally enforceable but fragmented, with many exclusions and declining coverage.**

**- EU: Currently provides the strongest overall protection, since it recognizes bargaining as a fundamental right, actively promotes coverage, and can convert agreements into binding law — though effectiveness depends on member state implementation.**



# **Individual Exercise**

**Conduct a quick research on the collective bargaining legal frameworks within your own countries. Present to class.**



# Stages of Collective Bargaining Process



**PREPARATION**



**NEGOTIATION**



**BARGAINING**



**AGREEMENT**



**IMPLEMENTATION**

# **Stages of Collective Bargaining Process**

## **1. Preparation**

- **Both employer and union gather information, set objectives, and define priorities.**
- **Activities include:**
  - **Research on wages, productivity, working conditions, and industry benchmarks.**
  - **Identification of bargaining teams and spokespersons.**
  - **Development of a “BATNA” (Best Alternative to a Negotiated Agreement).**
- **Importance: Solid preparation determines bargaining power and credibility.**



# **Stages of Collective Bargaining Process**

## **2. Negotiation**

- **Formal meetings begin between the employer and the union.**
- **Each side presents initial demands, proposals, and justifications.**
- **Ground rules for negotiation are often established (schedules, protocols, confidentiality).**
- **Style matters: distributive (competitive, win—lose) vs. integrative (collaborative, win—win).**

# **Stages of Collective Bargaining Process**

## **3. Bargaining**

- **The core stage where compromise, concessions, and trade-offs occur.**
- **Strategies may include:**
  - **Package deals** (linking multiple issues).
  - **Concessions** (giving up some demands to gain others).
  - **Mediation** (third-party assistance if negotiations stall).
- **Goal: Move toward an agreement acceptable to both parties.**

# **Stages of Collective Bargaining Process**

## **4. Agreement / Drafting**

- **Once consensus is reached, the terms are written into a collective agreement.**
- **The draft is reviewed by legal advisors and subject to union member ratification (often via a vote).**
- **Agreement covers wages, benefits, working hours, grievance procedures, and other conditions of employment.**

# **Stages of Collective Bargaining Process**

## **5. Implementation & Administration**

- **The signed agreement is put into practice.**
- **Both sides monitor compliance:**
  - **Employers adjust policies.**
  - **Unions oversee enforcement, often through grievance handling.**
- **Disputes may arise over interpretation, requiring arbitration or joint committees.**
- **Sets the stage for the next bargaining cycle.**

# **Rights & Obligations of Unions vs. Employers**

| <b>Aspect</b>                              | <b>Unions (Employees' Representatives)</b>                                                                       | <b>Employers</b>                                                                                                                 |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| <b>Right to Organize</b>                   | <b>Right to form, join, and operate trade unions without interference.</b>                                       | <b>Obligation not to interfere with union formation or functioning.</b>                                                          |
| <b>Collective Bargaining</b>               | <b>Right to represent workers in negotiations over wages, hours, benefits, and working conditions.</b>           | <b>Obligation to recognize and bargain in good faith with legitimate unions.</b>                                                 |
| <b>Good Faith Negotiation</b>              | <b>Obligation to bargain sincerely, present demands clearly, and avoid delaying tactics.</b>                     | <b>Obligation to provide relevant information (e.g., financial data if citing inability to pay) and negotiate in good faith.</b> |
| <b>Right to Strike / Industrial Action</b> | <b>Right to take collective action (strikes, picketing) if bargaining fails (subject to legal restrictions).</b> | <b>Right to implement lockouts or contingency measures during disputes (subject to law).</b>                                     |

# **Rights & Obligations of Unions vs. Employers**

| <b>Aspect</b>                         | <b>Unions (Employees' Representatives)</b>                                                                       | <b>Employers</b>                                                                        |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>Information &amp; Consultation</b> | <b>Right to request and access relevant information to support bargaining (e.g., wage data, safety records).</b> | <b>Obligation to share accurate, necessary information to facilitate negotiation.</b>   |
| <b>Enforcement of Agreement</b>       | <b>Obligation to ensure members comply with terms of the collective agreement.</b>                               | <b>Obligation to implement agreed terms and policies consistently in the workplace.</b> |
| <b>Dispute Resolution</b>             | <b>Right to use grievance, mediation, or arbitration procedures if agreements are breached.</b>                  | <b>Same right and obligation to resolve disputes through agreed procedures.</b>         |

# **Negotiation Dynamics**



**DISTRIBUTIVE  
BARGAINING (WIN – LOSE)**



**INTEGRATIVE BARGAINING  
(WIN – WIN)**

## Distributive Bargaining (Win–Lose)

- **Focus:** *Claiming value* — each side wants the biggest possible share of limited resources.
- **Tactics:** Anchoring demands high, withholding information, making small concessions.
- **Example:**
  - Union demands a 15% wage increase.
  - Employer offers 2%.
  - Final settlement: 6%. Both sides feel they compromised, but one's gain is the other's loss.
- **Risks:** Can damage long-term relationships, breeds mistrust, increases likelihood of strikes.

## Integrative Bargaining (Win–Win)

- **Focus:** *Creating value* — finding solutions that satisfy both parties' core interests.
- **Tactics:** Open communication, joint problem-solving, trade-offs on issues of differing priority.
- **Example:**
  - Instead of only focusing on wages, employer and union explore flexible work hours, training opportunities, and performance bonuses.
  - Workers gain development and work-life balance; employer gains productivity and reduced turnover.
- **Benefits:** Strengthens relationships, builds trust, often more sustainable agreements.

# Group Discussion

**Can you mention some important elements in the bargaining process?**



# **Important Elements in the Bargaining Process**

|               |                                                                                                                                                                 |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Trust</b>  | <b>Without it, parties exaggerate positions or conceal information. With it, negotiations shift toward problem-solving.</b>                                     |
| <b>Clear</b>  | Clear, respectful communication avoids escalation. Active listening helps uncover underlying interests beyond stated positions.                                 |
| <b>Access</b> | <b>Information: Access to accurate data (financials, safety records, productivity rates) creates legitimacy. Withholding data risks deadlock or litigation.</b> |

# **Key Stakeholders in the Bargaining Process**

| <b>Stakeholder</b>          | <b>Role</b>                                                                                                                       |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| <b>Unions</b>               | <b>Represent employees, articulate demands, mobilize members, ensure compliance with agreements.</b>                              |
| <b>Management/Employers</b> | <b>Protect organizational interests, maintain cost control, ensure operational flexibility.</b>                                   |
| <b>Mediators</b>            | <b>Neutral third parties who facilitate negotiations, improve communication, propose compromises but do not impose solutions.</b> |
| <b>Arbitrators</b>          | <b>Neutral decision-makers who issue binding judgments when negotiations or mediation fail.</b>                                   |

# **BATNA – Best Alternative to a Negotiated Agreement**

**BATNA is a concept from negotiation theory (Fishery & Urry, *Getting to Yes*)**

- **Definition:** The most advantageous alternative available if no agreement is reached.
- **Importance:**
  - **Determines bargaining power.**
  - **Strong BATNA = more leverage.**
  - **Weak BATNA = more pressure to compromise.**
- **Examples:**
  - **Union's BATNA:** Strike action, public campaigns, legal appeals.
  - **Employer's BATNA:** Hiring temporary workers, relocating operations, or absorbing strike losses.



# **Group Exercise**

## **Identifying BATNA in Labor Disputes**

**In your groups, read each situation carefully. Discuss what the union's BATNA and the employer's BATNA could be if negotiations fail. Write down your ideas in the spaces provided.**





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# **Designing a Negotiation Strategy**



# **Issues To Consider When Designing a Negotiation Strategy :-**

**Strategic Considerations in Balancing Employer & Employee Interests**

**Trade Offs Concessions & The Role of Data in Negotiations**

**Ethics and Fairness in Negotiations**



# **Strategic Considerations in Balancing Employer & Employee Interests**

- **Identify Interests vs. Positions:**
  - **Positions:** The explicit demands or proposals (e.g., “We want a 10% pay increase”).
  - **Interests:** The underlying needs or concerns (e.g., “Employees need recognition of cost-of-living increases”).
  - Use the “interests first, positions second” principle to uncover win-win opportunities.
- **Balance Power and Collaboration:**
  - When employers have more formal authority but employees control labor power or expertise.
  - **Techniques:** mutual gains approach, integrative bargaining, understanding BATNA (Best Alternative to a Negotiated Agreement).
- **Sector-specific nuances:**
  - **Private vs. public sector negotiations:** e.g., public sector constraints on budgets vs. private sector flexibility.
  - **Unionized environments:** understanding collective bargaining agreements.

# **Trade Offs Concessions & The Role of Data in Negotiations**

- **Trade-offs and Concessions:**
  - Negotiation is rarely about getting everything; concessions are necessary.
  - Types of concessions: tangible (salary, benefits) vs. intangible (flexible work, professional development).
  - Sequencing concessions strategically to maximize value: e.g., offer low-cost but high-value items first.
- **Data-driven Negotiation:**
  - Market benchmarks, pay scales, inflation, productivity metrics.
  - Comparative data: union settlements, industry standards, legal constraints.
  - Using data to justify positions and counter arguments, reducing perception of arbitrariness.
- **Tools & Techniques:**
  - Cost-benefit analysis for concessions.
  - Modeling negotiation outcomes: best/worst-case scenarios.



# **Ethics and Fairness in Negotiations**

- **Principles of Ethical Negotiation:**
  - **Transparency vs. strategic withholding of information.**
  - **Avoiding coercion, misrepresentation, or undue pressure.**
  - **Duty to stakeholders: employees, management, and public trust.**
- **Fairness Perceptions:**
  - **Equity (comparing to peers) vs. equality (everyone treated the same).**
  - **Procedural fairness: clear, consistent processes build long-term trust.**
  - **Outcome fairness: balancing short-term gains against sustainability and morale.**
- **Ethical Dilemmas in Real Cases:**
  - **Example: agreeing to a settlement that benefits management but leaves lower-paid employees worse off.**



# Case Study

- **Refer to the worksheet provided.**
- **Choose 1 case study**
- **Assign roles**
- **Design a negotiation strategy**
- **Present to the class**



# Criteria for Evaluating Collective Agreements



**Effectiveness** – Does the agreement resolve the issues that led to the negotiation? Does it improve day-to-day working conditions and productivity?



**Sustainability** – Can both parties honor the agreement financially, operationally, and politically in the long run? Does it reduce the likelihood of future disputes?



**Fairness** – Are the outcomes equitable, and do they respect both parties' core interests? Consider distributive fairness (outcomes), procedural fairness (process), and interactional fairness (treatment).



**Adaptability** – Can the agreement withstand future changes (economic shifts, technological advances, new policies)? Does it include review mechanisms, reopener clauses, or flexibility provisions?

# Long Term Impact on Labor Relations and Organizational Performance

**Labor relations climate:** Trust can deepen if both parties honor the agreement. A poorly implemented deal may fuel cynicism and future disputes.

**Organizational performance:** Stable agreements reduce strikes, absenteeism, and turnover. Costly agreements without productivity gains can harm competitiveness.

**Employee morale & engagement:** Workers feel respected if fairness is achieved, which can raise commitment. Poorly perceived agreements may demotivate staff.

**External reputation:**

**Public sector:** agreements affect citizens' trust in government services.

**Private sector:** agreements shape employer brand and attractiveness to talent

# Factors in Successful vs. Failed Collective Agreements

| Aspect           | Successful Agreements                                                    | Common Reasons Agreements Fail                                                      |
|------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Commitments      | Realistic, specific, and clearly defined obligations                     | Overpromising (e.g., pay increases without budget capacity)                         |
| Sustainability   | Financially and operationally viable for both sides                      | Unsustainable costs leading to later cutbacks or austerity                          |
| Flexibility      | Include review mechanisms, reopener clauses, or adaptable provisions     | Rigid terms that cannot adjust to economic or organizational changes                |
| Fairness & Trust | Perceived as equitable by both parties, enhancing morale and cooperation | Perceived unfairness (e.g., one side feeling ignored or undervalued), eroding trust |

# Factors in Successful vs. Failed Collective Agreements

| Aspect               | Successful Agreements                                                                      | Common Reasons Agreements Fail                                                   |
|----------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| Focus on Core Issues | Address both surface demands (pay, hours) and underlying needs (safety, respect, workload) | Superficial fixes that ignore root causes of conflict                            |
| Long-Term Impact     | Strengthen labor relations, reduce conflict cycles, improve performance and reputation     | Fuel future disputes, increase absenteeism/turnover, damage external credibility |
| Implementation       | Monitored and enforced consistently, with transparent communication                        | Weak follow-through; promises not implemented or communicated effectively        |

# Successful or Failed Negotiations ?

| Example                                       | Scenario Summary                                                                                           | Likely Outcome |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------|
| <b>1 – Pay Freeze with Benefits</b>           | Pay freeze accepted in exchange for no layoffs + more research funding; jobs protected, research improved. |                |
| <b>2 – Public Transport Strike Settlement</b> | 11% wage increase granted; later service cuts + layoffs; trust collapsed.                                  |                |
| <b>3 – Hospital Staffing Ratios</b>           | Phased implementation with pilot units + monitoring committee; morale improved, turnover fell.             |                |
| <b>4 – Manufacturing Overtime Deal</b>        | Overtime capped; welcomed by staff but production targets missed; renegotiation soon after.                |                |
| <b>5 – Retail Union Agreement</b>             | 3% raise + flexible scheduling; satisfaction and productivity increased.                                   |                |

**THANK YOU!**



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