

Employee Relations and Wellbeing

Lecture Title:

The Collective Bargaining Process



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Date: 10th June 2026

**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

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



Importance of Collective Bargaining to Labor Relations

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

Collective Bargaining Legal Frameworks

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

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.**

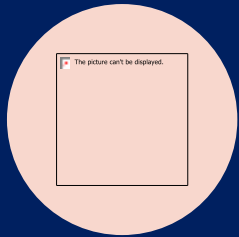


Individual Exercise

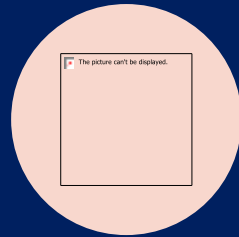
Conduct a quick research on the collective bargaining legal frameworks within your own countries. Present to class.



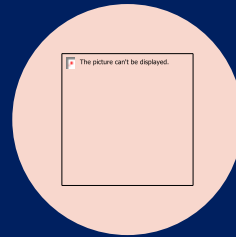
Stages of Collective Bargaining Process



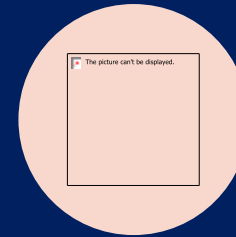
PREPARATION



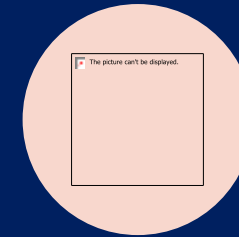
NEGOTIATION



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.**

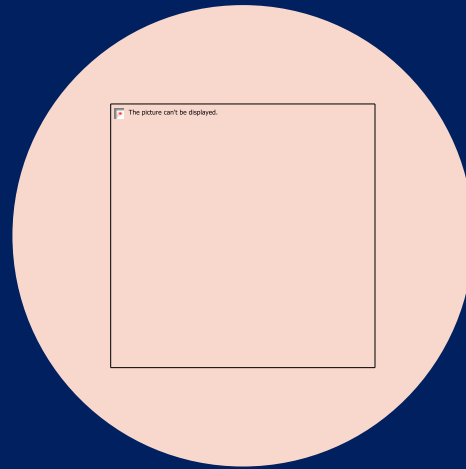
Rights & Obligations of Unions vs. Employers

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

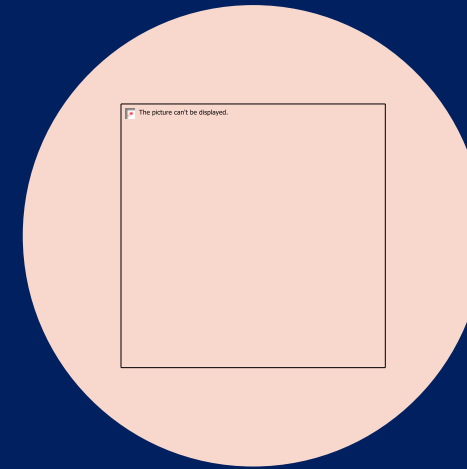
Rights & Obligations of Unions vs. Employers

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

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

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

Key Stakeholders in the Bargaining Process

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

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

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- **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.**



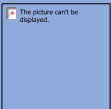
Case Study

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

THANK YOU!



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