

Dynamics in a Plant Level Bargaining Process & Wage Determination

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In this paper, the authors narrate the experiences of union and management in six months long wage negotiations to explain if the factors that trigger a type of behavior displayed by parties across table are predictable and guided by sheer rationality. The narrative suggests that most behaviors displayed by parties, strategies adopted, tactics used and roles chosen were within the limits of rationality with very few exceptions. While we are aware of the determinants of the negotiated outcome that exists in extant literature, it is much needed to check if the behavioral manifestations that appear are truly unreasonable or falsely portrayed as irrational to reduce predictability of party's demand or offer in subsequent rounds.

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Introduction

Back in mid 50s Laymen Allen of Yale Law School began his writing by arguing that collective bargaining be called an art as it has not yet become a science though some of the values of science could be vowed in explaining a bargaining situation (Allen, 1956). Despite that the debate over the viability of application of an efficient bargaining model (Espinosa &Thee, 1989) has emanated, does Allen's argument still reside in the real life process of wage negotiation? In this paper, the authors have examined the case of a plant-level collective bargaining between union and management to understand the role played by those factors that have easy semblances of rational behavior and yield determinate solution, and those factors for which the authors tried to seek scientific explanation in clarifying their roles. Second set off actors identified were strangely difficult to define in terms of their role in utility maximization or expected-utility maximization according to decision theory. Though the decisions made by both the parties were more or less pragmatic, the authors found it difficult to witness rational behavior as the means to decisions

made at every step in a typical plant level wage bargaining situation.

This paper aims to extend the scholarship on how parties' behavior in collective bargaining situation is shaped. We know a lot by now on what determines bargaining success and the negotiated outcome. Parties' bargaining power (relative, total), mediator, union-leadership, intra-union and inter-union dynamics, employer's ability to pay (discretionary pricing power), company's market share, structure of product market, bargaining levels, industrial sector, etc., play their respective roles in determining negotiated outcome (Katz, 1993; Mishel, 1986; Amernic & Craig, 1992; Feuille, Hendricks & Kahn, 1981; Meyer, 1960). Likewise, we know how critical are bargaining horizon, initial offer, incremental increase in offer, rate at which the offer gets changed in every round, alternatives available to parties to negotiated outcome, discounts, rapport between the parties, constraints (e.g., splinter union), and arbitrator's approach to bargaining. Nevertheless, are there factors other than the previously mentioned ones in explaining negotiated outcome, especially when apparently irrational behavior appeals to scholars and invites criticisms? Is there anything hidden in the negotiation process that calls for a detailed examination? It is imperative to check if these behavioral manifestations are truly unreasonable or are falsely portrayed as irrational to reduce predictability of the party's demand or offer in subsequent rounds. This in total offers legitimate basis to warrant a thorough investigation, and so has the paper tried doing.

Method

Authors studied a case and created a narration of the bargaining experience of the parties, where they negotiated for close to six months to determine revised wage rates. Names are pseudonyms. Dates and figures are indicative and not actual. Actual names, dates, and figures are changed for confidentiality reasons. Chief negotiators have remained same in recent years and hence the necessary conviction and co-operative behavior existed between union and management. This candidness and procedural curiosity presented the authors with a unique research opportunity. For several weeks and months, the union allowed the authors to observe their preparation and negotiation sessions. Based on these observations and subsequent interviews with both the parties, an attempt has been made to explain the collective bargaining process. A total of 36 in-depth interviews and 9 participative observations were made in a span of 70 days. The objective in scrupulously reporting the repeated rounds is to undertake a critical review of the negotiations on the use of strategies of negotiated rounds. Though the authors do not claim to come with a blueprint on the strategic application of bargaining offers and counter offers by parties in determining the negotiated outcome, yet sufficient clues are generated from where scholars in future may try forming new theses.

In the ensuing real bargaining situation, the authors expounded how plant management ran on a rough patch before amicably settling the major strife

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with its labor. Critical analysis of what caused the disquiet and factors that contributed to stalemate are crucial to growing literature on negotiation process. Especially, by including multiple issues into the bargaining situation that else could not be noticed in ordinary circumstances, the role of bargaining strategies was examined. Rules of bargaining describe the feasible strategies and tactics that can be used by opposing sides. Self-regarding offers or low offers are repeatedly considered as the offshoot of strategic and expectation considerations.

Six Months of Dispute over Pay Increment

After a few years of serenity in the collective bargaining situation between management and union of Eastern Region Plant (ER-plant) of Rainbow Pain Ltd. (RPL), some accumulated desires of both parties have come to the surface, as the existing settlement of December 2014 approaches termination. Situation calls for a fresh contract. Nevertheless, contrary to every second wage-settlement that RPL had signed, the one that it will negotiate in the next two or three months is in all probability a far more challenging one. The settlement in 2014 was to regulate working and employment

conditions alongside wage for the next 2.5 years. With the expiry of old settlement in July 2016, it was union's alacrity to sign fresh settlement. In keeping the law and the existing accord, union appealed for an early submission of their charter of demands (COD), at least two months before the expiry of 2014-settlement. The idea was to advance the dates of pre-negotiation talks and not to leave any slit amid the two settlements. Management acquiesced for speedy negotiations. It flaunted cooperation and gestured interaction. Union submitted their COD in June '16 inviting wage raise, revision of employment terms and work-norms that they deemed fit to get company's attention. However, RPL in response issued a notice of change (NOC) (under Section 9A of the Industrial Disputes Act, 1947¹). The notice sought improvement in labor productivity, revision in output, production norms, and operation methods, change in staffing patterns, work practices and job description of certain job categories as if it was the company's counter charter of demands, a tactical move, which firms normally employ in 'productivity bargaining' (Ian McGregor of British Steel).

Market volatility and successive changes in RPL's business may have prompted a valiant move, dogged by unusual 'countering' position. Still the union's disinclination was not predictable, as it has had historically a subservient opponent. Management normally used to

¹ Section 9A requires an employer to serve a notice of change before bringing any change in 11 conditions of service that the employer believes are prejudicial to workers.

reconcile demand one after the other to reckon item based payoff. For the first time, management showed an astounding alertness, which was an unprecedented move that turned as a setback for union. The outcome, however, was equally (though oppositely) startling. More than the union, average workers sensed uneasiness because of the NOC (Notice of Change). Grapevines on rising company's expectation triggered uncertainty alongside fear and suspicion amongst workers.

Upon realizing that the approaching negotiation would warrant more preparedness than what it has attained, RPL's tone turned softer. It had to gain union's trust. It has to settle on shared perception among workers around its stand, without being predicted as modest. Its priorities were engaging labor negotiators to segregate unpretentious mandates, and split the genuine interests from what the union demanded on paper (likely for concession bargaining). That is not all. Recognizing one union as a single bargaining agent² was the additional challenge since it has frustrated company's position in the past. Existence of a splinter group, particularly, when contract workers formerly accused the union for sidelining them, has upset union-management relationship. Splinter group had the required support of contract workers. The fraction alleged the union to be in connivance with RPL in keeping the contract workers outside the negotiations.

² Keeping the ER (Employment Relations) practice in RPL's oldest plant located in Maharashtra where there is legal requirement to recognize union has extended the practice to plants in other states.

So much so, one worker espoused by the splinter group raised dispute, questioning the union's representativeness. Whether the union was evocative to endorse changes in service conditions proposed by RPL was contested. Spat over union recognition though was resolved with government's intervention, the incident 'rang the bell' and cautioned both of credible threat. Consequently, RPL sought alternatives instead of feigning traditionalist standpoint (e.g., incurring waiting cost in the middle of negotiations).

Meeting the labor leaders helped RPL to find out individual and common primacies. RPL listened to workers. It informed the union of its concerns as well. Especially with an outsider leading union's campaign, alongside interface with union representatives from shop floor, RPL built rapport with external agents too. It familiarized them with company's balance sheet, and inter-plant variations in the past settlements. RPL with a bated breath of gaining appreciation plus support from workers made a few but calculated moves. It pushed new initiatives to reward workers³. Monthly meetings between managers and the union were started out to discuss non-negotiable items such as safety, welfare, and discipline. Union, with less skepticism, saw unexpected surge in collaborative moves. However, for some, it

³ Programs launched include celebrating plant day, exempting cap on overtime hours and allowing employees to work for 75 hours of overtime in a quarter in place of 50 hours, instilling flexibility and allowing the late comers who do not avail company transport twice in a month, and institutionalizing long service award.

staged steep tokenism with an 'agenda' that is far from being overtly expressed by management. A lone protester held ".....all these (participative) measures are employed to get across a soaring production target and we can make out their (company's) trick". "The real rounds must begin now", howled a desperate union who was made to role-play inside the room during a training program in June where both parties assembled for 'practical brainstorming' prior to main negotiation.

Therefore, the real concerns were still veiled, which will be discussed in the ensuing section. However, before going into it, RPL's opening strategies are to be understood to see the big picture. RPL discussed the NOC (Notice of Change), deliberated on demands concerning employee welfare, and weighed their offer against market rates to moderate equity issues. Tenet of 'gradualism' was applied in making every offer. Lump sum was disbursed in phases until 2/3rd of changes in service conditions were implemented. Every offer made was to reach worker at regular intervals backed by day-to-day progress in informal negotiations with the union.

Lately, the union agreed to ER-plant (Eastern Region Plant) management's terms. But, the union leader unilaterally made the union's resolution. As if, the managers' closeness with labor leaders 'paid off'. ER-plant management decided to address inter-plant parity by conducting wage survey⁴, although it had a

⁴ Data on wage rates in the neighboring factories were collected.

stand by-plan of approving every non-wage matter, in case of a deadlock. On the flip side, most of ER-plant's plans were pending approval by RPL. When the survey results were presented to company's board, the panel vehemently graded several union's demands as non-negotiable. Plant management rearranged the COD items to contemplate RPL's strategy. As per RPL's directive, an initial pay increment⁵ offer made on July 03 was immediately followed by a discussion on the (Notice of Change) Management forged ahead with other offers that were mostly compliance with preceding negotiation on Notice of Change.

Offer, Demand & Counter Offer

A clearly prepared union went to its first tough bargaining session in the plant boardroom on July 03. Management made an offer of pay increment at an unexpectedly low rate of Rs. 750 per month. Intimidated by the offer, the union blurted out their demand: "We want Rs.7,500 otherwise." "Otherwise, what do you mean?" challenged RPL representative and the union replied, "at least 7,000". RPL recognized that the demand is ten times of its offer. Consecutively the pay-increment was revised from Rs.

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⁵ Pay increment indicates the sum to be added to the existing wage, which was Rs. 16,600 as per old settlement.

750. By September 01, it rises up to Rs. 3,300 by means of half a thousand rupees per offer made on an average for seven consecutive times in two months by RPL. Exasperated over receiving the revised offer, the union called off the discussion. After a stalemate for a little less than a fortnight, the talk started fresh on September 16 with company making a new offer of Rs. 3,850 with the fixed dearness allowance (FDA) and the service weight (SW) together raised by Rs. 50 and Rs. 2.5 respectively from the current rates. Negotiation post the impasse however, had a management playing different strategy. Management's offers were now in alternatives. "Either the final amount will be dispensed in 1st year of the settlement with no increase in the subsequent years or Rs. 3,300 per month will be paid in 1st year and Rs. 550 per month will be added from next year for two years", clarified company representative.

Union called the offer outlandish and raged for an immediate hike. Ten-day long negotiation ended on September 25. The company, having faced an unbending union hell bent on steep "resistance point", offered one more hike, but merely by Rs. 100 to base increment pay leaving the alternatives, as they were. Seeing the move, union too reviewed its demand and dropped it by a half a thousand rupees down to Rs. 7,000 besides cutting the FDA and SW rates by nearly half and three and a quarter, respectively. Still there was a hearing denial from the company. Therefore, the union further condensed it by another thousand bringing their final demand to Rs. 6,000. To

match the agility displayed by the union, the company took their final offer to Rs. 4,150.

Informal Talks

Alternating offer negotiations, fairly well made by the 'beginners' from both sides, were terminated. In the beginning of the fourth month, the stage was set for an informal dialogue outside the realm of negotiation boardroom. Gap was still wide. Offer was close to 1/3rd of what demanded. Union met with plant management in a restaurant on October 16 where the later invited to bring new pay increment demand on table. Union, however after debating within the group, walked out declaring that unless the company extends new offer the talk cannot move. They asserted that union committee would visit plant from next morning to have meetings with workers through shifts. Gate meetings were proposed too.

As an immediate safeguard, RPL tendered its request for conciliatory talks to the government on the evening of October 16. Managers visited union office in the night to persuade them to have gatherings outside the plant since committee meetings would worsen the situation. In the face of the deterrents, union committee met on October 17 at various plant locations, assembled workers while they were on duty, and briefed members about the deadlock. Union committee met the plant head and tried opening a discussion inside the plant while members were arranging gate meetings. In response, plant

head delivered a copy of arbitration notice. It was the last straw to break the camel's back. "So you have lost trust in us?" yelled a furious committee member. "Company should have apprised us before referring the matter to government".

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Pre-ordained strike loomed by now. Union submitted strike-notice two days later informing that workers would cease to work from November 05, in case their demands are not met. However, not all workers were patient, albeit their union assured 18 days for (conciliatory) talk before taking any direct action. Close to 25 workers gheraoed⁶ few managers, shared their concerns on their earning, equity, and related issues. Wildcat-strike took place on the day when strike-notice was served upon. It was the time for the management to get to hear from the 'horse's mouth' as to what the workers wanted from the negotiation. Workers' voiced their grievances that were candid.

"As the living cost in the region was hitherto not well matched by what our company paid in the past, it gets most of us to local money lenders, in turn a rea-

⁶ *Gherao* is an indirect action and a coercive method used by union/workers collective to make their displeasure and protest known to management with the objective of getting any unfavorable decision reversed and modified.

son for our annoying indebtedness and poor living condition", lamented a worker during the wild-cat strike.

However, others were dismayed by company's fondness towards conciliatory structure. On October 19, the concern over having a third-party arbitrator was echoed by bigger faction. Within an hour, a dozen more met their bosses and by afternoon, the number touched close to two-hundred who approached managers. "Most of us after our general shift are waiting to listen to our bosses as to why the company invited an external agency (referring to government) to reconcile an internal matter like wage, particularly when our union was talking all the time to managers on the same issue", cried out a furious mob.

The managers clarified that submission to government was a routine process and settlement can still be done by taking every single worker into confidence. However, workers continued shouting slogans and insisted that the settlement be done immediately in front of all. "If the local managers are incapable of making commitment then let the top bosses be invited to resolve the final offer", shouted an angry mob.

With time, a part of intolerant mass turned violent and security was brought in to restrain the soaring militancy. Plant security too failed in the first 30 minutes of the upsurge. On the following day, as an urgent confidence building measure, management met with union, advised them to prioritize their demands in order to resume the staled discussion."Since

company is keen to come out with solution without more ado we want you to understand the seriousness of the matter and submit fresh demand note”, advised management.

However, the union skipped the talks and was not ready to grant any reduction in their demand. Over the next few days, frequent meetings between the union and management took place but sine qua non was “(management should) make another offer or else the talk cannot begin”. All awaiting issues such as transport, VDA, SWs, and bonus were examined, but company notified that items such as gratuity, pension, housing, and education shall not be discussed immediately and these may be dropped for the time being. RPL brought in data of other plants from eastern states.

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Unbending as they were never before, the union however remained confined to single-point demand: “Come with a fresh offer greater than what you have finally made”. On October 23, the plant-head clarified management’s stand: “Unless the union reduces the figure, we cannot come forward with further wage offer”. Therefore, it was a perfect stalemate.

Both parties started incurring waiting costs to withstand their resistance

points. Union was not certain if the effective date of new settlement shall be from the day when RPL technically terminated the old settlement. Uncertainty in management’s camp was high too with a credible strike threat. Labor leader in successive meetings with its committee briefed it of management’s stand, but an external leader no longer tamed the committee. Union committee feared starting one more discussion since by then more than two dozen such meetings have broken inconclusively. Thus, showing up ‘empty handed’ to members would not be less than detrimental. However, beleaguered and desperate managers were not barred. Few committee members were chosen for discussion on bonus, transport, and wage for strike period, mainly to make a breakthrough. Captivating on this, the union demanded for bonus of Rs. 1,600. They also demanded that the company should manage transport. They added, “Management should not apply accumulation limit for paid leaves earned by striking workers in lieu of compensating them for strike period”. Unfortunately, the management turned all of them down. Hence, the final-offer arbitration (government’s conciliation) was the only relief to parties.

Final-offer Arbitration

Conciliatory talk began on October 30. Union heralded, revealing their concerns. Four major demands that should be immediately negotiated were common pay increment, variable dearness allowance (VDA), conveyance, and an effective date of settlement. Government was briefed that RPL has been reluctant in

adjusting its offer even knowing their bid is only 60% of what has been demanded by union. Starting point of union's argument was the soaring living cost in the region and subsequent revision in pay in adjoining industries that RPL has overlooked. Most industries in the locality applied VDA to offset rising living cost and revised it periodically, whereas RPL has not revised the VDA ever since it was introduced. Instead, RPL tried replacing it by fixed dearness allowance (FDA), which unlike VDA is independent of the wage. Besides, the law does not decide the effective date of the fresh settlement, hence union demanded 'retrospective wage award'⁷.

RPL tried influencing the conciliatory talks by correcting union's final demand, which was Rs. 6,000. It added that that all factories of RPL follow one set of pay practice to maintain uniformity and so amalgamation of VDA was not done separately for Eastern Region Plant. FDA is paid only in Eastern Region Plant to offset inflation similar to what VDA does in the adjoining industries. Management claimed that FDA figures were corrected repeatedly. It highlighted its custom of signing prospective settlements and appealed to discount the 2014 settlement as an exception. Arbitrator, upon hearing both parties, suggested RPL to raise the VDA consistent with the regional standards, or else disburse the pay increment demanded. Retrospective

wage award was guaranteed. Arbitrator appealed to union to seal a deal before the splinter union observes its first anniversary and cautioned the union of not resorting to strike pending arbitration as it shall then be deemed to be illegal.

Subsequent to the first round of arbitration, RPL revised its offer by adding a couple of hundreds to pay increment, besides fixing SW and FDA rates to Rs. 2.5 and Rs. 50 respectively, which to finish lifted the average offer to Rs. 5,535 as on November 01. When union agreed to not resorting to strike from November 05, on the next day company signed a yellow page⁸ with union committee with bonus fixed at the rate of Rs. 2,100, pay increment at Rs. 4,430, FDA at Rs. 70 and SW at Rs. 2.60 once again increasing the average offer to Rs. 5,700. With arbitrator's intervention, on November 08 and 09 in two subsequent rounds RPL further added Rs. 150 in each stage finally rounding up the common pay increment to Rs. 4,730, though by now the gratuity was dropped. This was the first sign of concession bargaining.

On November 16, the chief of RPL's HR visited the ER-plant, met with labor leaders, and 'seal a deal', which at least the union-president embarked on. The deal suggests common pay increment at Rs. 5,080 with SW at Rs. 2.80, FDA at Rs. 70 averaging to Rs. 6,302 with annual increments revised to Rs. 8.5 per day. Besides, allowances were decided to be merged such as FDA, house rent,

⁷ Retrospective wage award means arbitration/court award on wage that is made applicable by government/court from the date immediately after the technical termination of an old settlement/award.

⁸ Signing yellow page signifies the beginning of an understanding that the parties reach on multiple items from COD before signing the settlement.

transport, etc., with common pay increment either from the 1st day of the subsequent month for those who have completed 4/5-years of employment or from the effective date of settlement, whichever is later. Additional allowance for those who do not reside on the company bus route fixed at Rs. 300/month and the settlement was brought into effect on October 01, 2016.

Reaction Time & the Final Settlement

Upon receiving the final offer, the union on November 15 arranged gate meetings to convey the offer to rank-and-file. To their surprise, they faced wrath of the splinter group supported by widely held sentiment, not in favor of accepting the deal. Suspecting that the union was either trying to 'hijack the negotiation' by not divulging the correct deal, instead provoking workers or has lost control over the members, so much so that 90% of what the workforce demanded is unable to lastly satisfy them (Rs. 6,302 is 90% of Rs. 7,000).

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Two days later, management spoke to two most influential labor leaders and explained that deal has been sealed and reopening it would expose the union's vulnerability."If needed, we can come (in an open-house) and discuss the deal threadbare with members. However, un-

less you (the union) steadfastly put out the offer and make every worker count the subsequent gains they made out of the deal, the ongoing commotion will destabilize your (union's) acceptance amongst common workers, especially with rival group evolving as a credible resistance", affirmed a company's top official.

Meanwhile, a group of workers sought explanation from the union on whether the leadership has succumbed to management's pressure at the last moment and fallen in with company's offer. Union president was appealed to retort to the popular sentiment and mounting pressure from the majority workers orchestrated by the rival union. Union called for a general workers' meeting (GWM) with RPL and arbitrator on November 20. Although the arbitrator insisted that management may reconsider the common pay increment, yet the six hours long GWM was adjourned until November 26 with both parties not moving from its original negotiation position.

A leadership, which has been hither to apprised by a committee comprising top brasses from labor camp, came face-to-face with workers constituting the GWM. Upon hearing from GWM, the union president met with company's HR-head and invited him for an extra rise in common pay increment or one more incremental addition, which he felt would help the union in saving face amidst the turmoil. Adding up need not be necessarily in actual wage but benefits, etc. While originally the HR-head conveyed

his helplessness since the deal was pending approval of RPL's board, however on November 21, after continual plea from the union agreed to add extra Rs. 50 taking average close to Rs. 6,452 per month.

Labor leader could impress upon the union committee and prepared them to sign the settlement on December 01 2016.

Upon receiving the nod, union president on time clarified to both GWM and union committee that considering the initial offer of Rs. 750 and their final demand close to Rs. 6,000, an average pay increment offer of Rs. 6,452 should be watched by all as a gain, which the workers be supposed to allow and close the deal. Labor leader could impress upon the union committee and prepared them to sign the settlement on December 01 2016. Arbitrator was informed over phone. On December 11, a memorandum of settlement under the Act of 1947 was signed in the office of the arbitrator.

Discussion

The narration of bargaining experience of the union and management reveals peculiar tenets of bargaining approaches and strategies. There is nothing extraordinary about a looming strike, a tiring impasse, individual party enjoying respective strike leverage, party's misconception of opponent's expectation, incomplete information, state's intervention, reliance on tri-partism, or informal dialogue in parallel to negotiations. However, there were strange behaviors and

randomness in negotiation rounds. Repetitive tests of opponent's tolerance without aiming at actual payoff are not very common otherwise. Likewise, tedious yet inconclusive talk and outsider's presence did stretch the bargaining horizon without any rationality to defend union's action. Still, one cannot discount the likelihood of apparently irrational moves to disguise the real motives and reduce predictability of one's actions. All these required the authors to reorganize the examination to find rationale behind outlandish offer or demand and avoidable yet frequent stalemates in the course of negotiation.

The phenomenon of "something for something" (viz., "something to worker in return for anything for management") that existed since 1980 might have initially impelled RPL management. What is commonly called 'productivity bargaining' where management serves counter-proposals after receiving union's COD, is to abandon restrictive and wasteful practices in return for higher wages. RPL belongs to a sector that during the time of negotiation was facing trouble from job-less growth and difficult product markets. Hence, the company tried to win control over work allocation. It emphasizes that manning standards are not arbitrarily fixed, but, by Taylorist industrial engineers, an argument, which management believed the middle-union leaders might accept. Besides, Eastern Region Plant is located amidst units where productivity bargaining already set trend. That could be the reason for management to not go for minimal negotiation, which otherwise was company's practice. Union

originally was keen to choose minimal negotiation, but with subsequent rounds fetching small gains for workers created tenacity and brought patience among union negotiators. Consequently, it increased bargaining horizon (viz., time taken by parties in bargaining before both arrive at a negotiated outcome) and raised the bargaining power of both. Since there is no legal backing to support union's claim for enforcing the negotiated outcome on pro-rata basis, it went in favor of management. RPL preferred waiting until the deal of its choice is agreed.

However, as an offshoot of productivity bargaining approach adopted by management, did company commit blunder by issuing Notice of Change prior to negotiation? Has RPL made mistake in haste? Perhaps no, since bringing changes in a legal way plus changing the base rate through manipulating the manning norms was the safest and elusive way that management could devise to force union to receive a conditional offer. Today, it is one of the common practices where employers chose to adjust base rate by changing work norms that automatically attracts Section 9A of the Act of 1947. Moreover, employer prefers to issue Notice of Change prior to bargaining, as the conciliatory/arbitration authority resolves dispute raised by union concerning Notice of Change during actual negotiation, thus saving litigation cost

The Notice of Change, not the COD, formed the basis for initial negotiation.

and time for employer. Finally, the Notice of Change, not the COD, formed the basis for initial negotiation. This indicates that RPL detracted union rank-and-file from their demands to management's mandate. Union negotiators in meeting company's expectations as per their NOC Notice of Change spent more than 40% of the total time on negotiations. Besides, majority workers understood the underlying principle of management's pre-negotiation activities, which was to pass on soaring production target in a subtle way.

Seeing that demand is 10 times the offer, RPL management tactically remained offensive by floating counter proposals from day one. In seven subsequent rounds without any stalemate the same managers who started with approximately 1/5th of the amount corrected the figure by bringing it to Rs. 3,300/-. However, for the union it was half of what they demanded originally. By September, company compounded the pay increment by nearly 250 percent from the opening bargain. A gap that was 90% of the offer between demand and offer on the 1st day, after 90 days and 10 rounds of negotiations dropped to 31%. Still the gap was significant to prevent the union from signing the final wage-settlement.

Although from Rs. 700/- the pay increment increased to Rs. 4,150/- without major stalemate or without the parties applying alternative means to negotiations in three months, the next one month was spent by management to revive the trust and relationship between parties, though they seldom succeeded.

But, the negotiated pay increment also did not change during this period. During this one month, while union decided to resort to strike, the management, in response, sought government's intervention. Other than quasi-stalemate like condition, this period called attention to grey matters like inconclusive discussion and irrational demands. The time allowed union to break their demands into pay-and non-pay matters, though the changed format did not serve workers' interest. It was only with conciliatory talks through state's intervention, the figures started rising once again. There was total void for almost a month just before conciliation. There was a deadlock.

So, when the figures were progressively increasing, was it irrational for union to stall the discussion and invite informal talks? No. It was rational and thought out move. First, the union wanted to establish its brinkmanship which they felt was crucial to oust the rival group. Union incurred waiting cost to show that they too have high bargaining power. Management believed that union's strike threat was credible enough for the company to opt for tri-partism. That is why, within a week, management decided to seek help from arbitrator, when the informal talk just started. Second, it was management's turn to establish contact with rank-and-file, and hear from horse's mouth. Third, the purpose was to keep counterpart on toes while the informal talks are on so that both the parties take it with equal seriousness. Fourth, it was found that most of one month was spent by union in convincing the rank-and-file and get buy in from those in shop floor.

Likewise, management spent the time in informal talk between parties to help union in selling the proposed offer among its members. For instance, it was found that to make the best use of the impasse, the members of GWM submitted detailed assessment of company's offer with item wise gain vis-à-vis their CODs to union president, who being an outsider is otherwise distantly connected to workers. External leadership did its part too in facilitating the informal talk between the two. Management also used this time to convince the workers directly about the need for a third party arbitrator. It was also the time for management to segregate the demands and prioritize them based on their understanding of what workers truly wanted.

External leadership did its part too in facilitating the informal talk between the two.

However, at the end of the conciliatory talk, why union refused to accept close to 90% of their original demand? Has the union or rank-and-file grown greedy with time and behaved irrationally? Alternatively, was it fear of splinter group that made the recognized union to negotiate further to impress the workforce? Why both parties moved from their original negotiation position at the end of general workers' meeting? Two inferences seem possible from this development. First, the offer made by the end of conciliation was 90% of union's original demand, yet greater stake, which the company had in getting the deal through the union of its choice (viz., the

recognized union), created opportunities for the union. Two, management was cognizant of the presence of an outsider in union and to legitimize it and eulogize outsider's contribution to labor power, the company chose to offer the outside leadership the chance to 'seal the deal' with marginal increase in the final offer from Rs. 6,302 to Rs. 6,452. Above phenomenon was having countervailing effect as well. Union negotiators were forced by company management to promote, push and plug the offers before the process is seized by the splinter group and they begin misleading workforce.

In India, in the absence of federal laws on compulsory recognition of trade union, the employer chose to recognize union of their choice rather than trying out an objective way to determine recognized union like secret ballot or check off method. Given the circumstance where company has recognized a union with which it shares comfort in negotiating, the company tries to accredit leadership of the union regardless of whether position is owned by outsider or insider. Therefore, RPL management wanted to keep the splinter group at bay and chose to pay a premium sum of Rs. 150 per worker as it will help in legitimizing the outside leader's intervention and boost his acceptance among rank-and-file. Workers' trust in their leadership will be doubly reinforced.

In the absence of complete information, reducing the demand and increasing the offers are the only ways of signaling the opponent of whether the party has the flexibility or has reached the stage

from where no contract zone begins. In order to keep an edge over the opponent, management tried not to meddle with the basic structure of pay. For example, to 'rule the roost', company's negotiator until the last round did not change its position on fixed dearness allowance, although they were aware of the local trend of paying variable dearness allowance. Even upon receiving an ultimatum from the government, RPL decided to merge fixed dearness allowance, instead of changing the format. Company takes such measures to send signals to union that labor power has its inherent limitation concerning the scope of bargaining and items that union can include in their charter.

Majority union office-bearers were in their 50s. Hence, the settlement accommodates the interests of those who have spent more than 20 years with the company. Such a move is often made in bargaining where the parties share long relationship because of which the negotiating teams work with tacit understanding to satisfy interests of the boundary role persons on union's side. In the given case, the union was formed in early 80s by the same group of workers who are still leading the union thus sharing a complex relationship and convergence of interest among the office bearers (Sarker, 2008). Majority of office bearers still hold the position of negotiators. For instance, the tougher manning norms were designed to be effective for younger workforce who does not have equal representation in union's executive body compared to their elder counterparts from shop floor.

Overall, the narration of negotiation experiences suggests that most behaviors displayed by parties, strategies adopted, and tactics used and the roles chosen were within the limits of rationality with very few exceptions. Notionally, one may trust or would like to believe that rational behavior is not always displayed across the table, but the evidences gathered by the authors have not confirmed the same.

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