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A Theory of Collective Bargaining Une théorie de la négociation collective

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Résumé de l'article

Une rétrospective des écrits sur les diverses théories de la négociation collective révèle d'une façon inquiétante qu'il n'existe aucune clarté eu égard au rôle, aux éléments et aux exigences de la négociation collective. La plupart des théories dites de régimes de négociation collective sont plutôt des théories de négociation ; la négociation proprement dite n'est qu'un élément d'un régime de négociation collective. Les théories suivantes sont partielles ou inadéquates : (1) la théorie du monopole bilatéral ; (2) le modèle Pen ; (3) le modèle Steven-Somers. Le modèle Chamberlain s'avère plus complet, quoiqu'il ne fait pas le lien entre ces trois théories de base : théories du marketing, théories gouvernementales et directoriales.

L'intégration des divers éléments d'une théorie d'un régime de négociation collective est possible en regroupant les éléments exposés par Chamberlain ; le contexte d'un tel régime pourrait être expliqué à partir des théories du mouvement ouvrier et des théories de l'entreprise.

LES JALONS D'UNE NOUVELLE THÉORIE

Une théorie du régime de négociation collective devrait expliquer en termes opérationnels (1) la logique qui pousse une collectivité à se grouper et à former un syndicat ; (2) la résistance des patrons face aux syndicats ; (3) la structure du palier de négociation, i.e. local, régional, national ou industriel ; (4) le type de relations qui existent dans la négociation, en exposant le continuum allant d'une harmonie parfaite à l'hostilité — en précisant le degré de conflit ; (5) le processus de déclenchement des mécanismes tels que l'intervention d'un tiers, l'arrêt de travail, les règlements d'urgence des différends ; (6) et le résultat de la négociation ou le contenu de l'accord.

L'utilisation de termes opérationnels dans l'élaboration d'une théorie n'est pas un prérequis, mais s'avère nécessaire pour rendre cette théorie vérifiable.

L'auteur rend son schéma opérationnel en établissant quatre variables indépendantes ou causales.

Celles-ci doivent expliquer les changements passés et futurs qui se produisent dans les six dimensions déjà présentées : ces dernières constituant donc ses variables dépendantes.

(a) L'expansion des marchés explique le degré de syndicalisation, et la structure des syndicats et de leurs négociations ;

(b) La fonction de satisfaction au désir des patrons de maximiser les profits expliquent leur résistance face aux syndicats ;

(c) les lois visant à résoudre les conflits expliquent la procédure des règlements de conflits et le type de négociation (degré d'hostilité) ;

(d) le pouvoir de négociation rend compte du type de relation qu'on retrouve dans la négociation collective et le contenu des conventions collectives.

Ces dix variables peuvent être davantage exprimées en termes opérationnels, puisqu'il est possible de quantifier certaines d'entre elles, et d'établir une relation positive ou négative entre les variables indépendantes et leurs variables dépendantes correspondantes.

La théorie d'un régime de négociation collective qui se baserait sur l'interdépendance et l'intégration conceptuelle de ces variables exploratoires serait fort valable : en effet chacune de ces variables provient de théories du syndicalisme, de management et de la négociation, qui sont acceptées en général, mais qui n'ont jamais été mises en relation les unes avec les autres.

Nous nous devons de souligner l'importance de l'expansion des marchés comme variable indépendante, à cause de sa relation avec la fonction de satisfaction des patrons, et indirectement avec le pouvoir et la stratégie de négociation. Toutefois une mise en garde s'avère nécessaire contre l'emploi exclusif de cette variable comme facteur causal, puisqu'on se doit d'insister sur l'interdépendance des variables et sur leur intégration.

A Theory of Collective Bargaining

Syed M. A. HAMEED

The author brings out the inadequacies of the present theoretical models in explaining collective bargaining and provides the constructs of a more complete and integrated body of theory. He also notes the importance of using functional terms in a theoretical model of this kind.

Theoretical Base

The classical model of collective bargaining as propounded by Sidney and Beatrice Webb, over half a century ago, in their famous book, *Industrial Democracy*, was essentially an economic model. It defined the main role of unions as bargaining over the price of labour; although this was not the only method used by trade unions in nineteenth-century England. According to the Webbs, unions alternatively used mutual insurance and legal enactment methods for obtaining various benefits for their members. As for collective bargaining itself, it was exclusively a trade union method with no implicit or explicit interest on the part of employers. It substituted collective will for individual bargain. The Webbs did not define collective bargaining but produced many examples, such as the one below :

In unorganized trades the individual workman, applying for a job, accepts or refuses the terms offered by the employer without communication with his fellow-workmen, and without any consideration other than the exigencies of his own position for the sale of his labour he makes, with the employer, a strictly individual bargain. But if a group of workmen concert together, and send representatives to conduct the bargaining on behalf of the whole body, the position is at once changed. Instead of employer making a series of separate contracts with isolated individuals, he meets with collective will, and settles, in a single agreement, the principles upon which, for the time being, all workmen of a particular group, or class, or grade, will be engaged.¹

¹ SIDNEY & BEATRICE WEBB, *Industrial Democracy*, London, Longmans, 1902.

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The example given above and similar others in their book, suggest that the Webbs conceptualized the method of collective bargaining as : (a) a collective equivalent and alternative to individual bargaining,² in which (b) the role of employers and their association was overlooked, and (c) the rule-making character of the process was not clearly stated. Recent critics of the Webbs' theoretical model have argued that individual bargaining can and does coexist with collective bargaining.³ Individual bargainiers may have plenty of scope, depending upon the nature of labour market, to obtain wages over and above the minimum level laid down in the collective agreement. A more serious oversight in the Webbs' model is considered to be the lack of emphasis on the power relationship which exists in a collective bargaining situation. It is argued that fuzziness in the Webbs' concept of collective bargaining is removed if its two essential features — rule-making and power relationship — are placed in the proper perspective.

Much of this criticism about the conceptual inadequacy of the Webbs' framework is unjustified as the institutional nature of collective bargaining itself has drastically changed since 1897 when they made an empirical observation of the trade union behavior in England. A matter of greater academic concern and significance, in the contemporary scene, is the uni-dimensional emphasis found in the Dunlop-Ross controversy.⁴ To regard trade union behavior vis-à-vis management as primarily economic or political in nature is a rather unrewarding intellectual exercise as collective bargaining relationship is essentially kaleidoscopic. A slight change in psychological, economic, political or legal conditions produces a new intermingling of colours and a new pattern. Any attempt at producing typologies⁵ to express these kaleidoscopic patterns in labour-

² Allan FLANDERS, « Collective Bargaining : A Theoretical Analysis », in *British Journal of Industrial Relations*, May, 1968.

³ Allan FLANDERS, *ibid*.

⁴ John T. DUNLOP, *Wage Determination Under Trade Unions*, New York, Macmillan, 1944 ; Arthur M. ROSS, *Trade Union Wage Policy*, Berkeley, University of California Press, 1948.

⁵ « Professor Harbison suggested the concepts of 'armed truce, working harmony, and cooperation' to identify models of different types of collective bargaining relationships. » Another attempt in the same direction was made by Professor Selekman who « developed a more elaborate classification of bargaining types, including the following eight : (1) containment-agression, characterized by legalistic aggression and defense ; (2) ideological type ; (3) conflict type in which there is a refusal to deal with the union and an attempt to get rid of or break the union ; (4) the power-bargaining type, relying heavily on economic force ; (5) the deal-bargaining, characterized by a kind of 'horsetrading' behavior ; (6) collusion, which appears to imply labour-management agreements at the expense of third parties ; (7) accommodation, and (8) co-operation. » L. Reed TRIPP, *Labor Problems and processes*, New York, Harper and Brother, pp. 251-252.

management relations are grossly inadequate in discerning the minute details which are so vital in the formation of a predictive theory of collective bargaining.

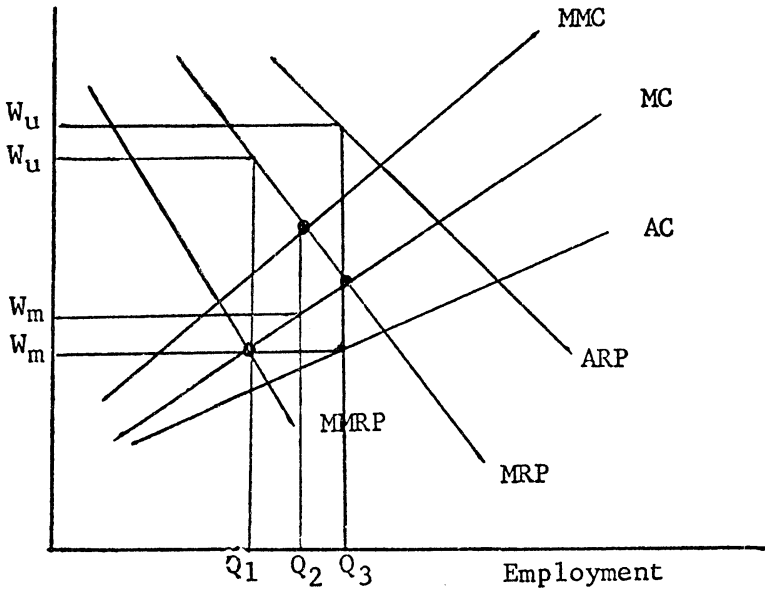
A survey of literature on theories of collective bargaining is a remarkably unrelenting task. It has cost the author a great deal of mental struggle to question the manner in which various theories of negotiation (or bargaining) have been described in standard text books, as theories of collective bargaining. It basically unmasks a disturbing feature of current literature in which no clarity exists on the role, elements, and requirements of a theory of collective bargaining. Mostly, theories covered under the rubric of collective bargaining are actually theories of negotiation; whereas negotiation is only one of the features of collective bargaining. Its other integral components are employee organization into unions, duly certified as bargaining agents; employer associations, if any, and the socio-economic and legal sanctions in the form of permissive strikes or lock-outs. A theory which explains only one or two of these elements is not a theory of collective bargaining. It is at best a partial or inadequate theory. Consider, for example, the following theories and models which are, with the exception of Chamberlain's model, partial approaches. (1) Bilateral Monopoly Theory (2) The Pen Model (3) The Stevens-Somers Model (4) The Chamberlain Model. Only the first one is explained below as it happens to be the most widely used theory. Pen, Stevens and Chamberlain models are briefly touched upon in subsequent discussion.

Bilateral Monopoly Theory

This is an attempt by the economists to picture the employer as a monopolist, or a sole buyer of labour, having to deal with a union which is a principal seller of labour, wielding monopoly power. The settlement of wages under such bi-lateral monopoly conditions is shown in figure 1. Since there is no way of knowing the relative bargaining strength of the parties, commensurate with their monopoly power, the figure shows the possible range, W_m to W_u , within which wage settlement will take place with a possibility of employment going up to a maximum of Q_3 . The range is determined by the intersection of MC and MRP, read off the demand curve, ARP, for the union wage demand W_u ; and read off the supply curve, AC for the management wage offer, W_m . The employment level will be maximum possible, i.e. Q_3 . The diagram also indicates two other positions. Under the first one a strong union bargains with a weak management, taking MMRP marginal curve to MRP as its

FIGURE 1

*Settlement of Wages Under
Bi-lateral Monopoly Conditions*



demand curve which intersects with MC to give W_u wage settlement (read off MRP). Under the second possibility, a strong management bargains with a weak union, equating, MMC, marginal curve to MC with MRP to give a possible wage settlement at W_m .

It may be observed that the maximum profit position, MRP equating MC, gives maximum employment level; whereas under strong union position it is Q_1 and under strong management position it is Q_3 . Supposedly a mature bargaining relationship makes union-management cooperation possible to obtain maximum employment level, Q_3 . But even then wage settlement remains indeterminate, within the range W_m to W_u .

Bilateral monopoly theory, although explained with a maximum effort to economize space, has brought out the salient features which are : (1) determination of a range within which wage settlement will take

place ; (2) possibility of a labour-management cooperation in maximizing employment level. Discounting the well-known limitations of the bilateral-monopoly model,⁶ one must admit that it tells us nothing about worker motivation in joining a union, structure of collective bargaining, role of extraneous factors in the resolution of conflict and the content of agreement with regard to non-wage issues. Yet this theory has long been accepted as a theory of collective bargaining. Its contribution in identifying the elements of bargaining power over wage issues is valuable and must be incorporated in a unified theory which will be required to produce explanation for the entire process of collective bargaining, not just one or two facets of it.

Theory Vs. Practice

Discourse on collective bargaining or for that matter, on any aspect of industrial relations, has traditionally been descriptive. Analytical and conceptual attempts have also been made, which on account of their infrequency and unpopularity with the 'practitioners' and policy-makers, stand out like the American tourists in a crowded Indian bazaar. Consequently, collective bargaining remains an exclusive domain of the practitioner. The question arises, why does a union or management negotiator, or a government conciliation officer, an arbitration board chairman, or even a student of collective bargaining need a theory ? The justification for a theory per se is not lacking. It is needed because it has an enormous explanatory power and it is predicative. Remove theoretical body from any physical science such as physics, chemistry or biology, and what remains is utterly limp and barely classificatory material. According to Professor Tripp there has existed an intellectual frustration, at least since World War II, over the lack of a theory of collective bargaining. The problem has been twofold : « (a) that collective bargaining has been a pragmatic or applied field which was foreign to if not in actual contradiction of the laws of economics, and (b) that where scholarship was being devoted to collective bargaining the efforts produced largely scattered spot material,

⁶ « In a traditional bilateral monopoly model such as Fellner's, it is assumed that the parties to the relationship are aware of the appropriate demand and supply functions. In typical union-management contract negotiations, it is unrealistic to assume that both parties in the initial stages of negotiation share a common view of these functions. » B.D. MALBRY, *Labor Relations and Collective Bargaining*, New York, The Ronald Press Company, 1966.

case studies, unrelated observations or speculations, with little or no systematic framework of interrelated propositions or operational hypotheses. » ⁷

Foregoing survey of existing theoretical concepts may perhaps indicate that contemporary literature on collective bargaining is not really bereft of theoretical basis. In fact, there are other relevant theories not entirely covered in the above survey, which directly bear upon the formulation of a unified theory of collective bargaining. These are managerial and labour movement theories. The fundamental problem, therefore, is one of integration, and logical consistency. Chamberlain provided three theories of collective bargaining : marketing, governmental and managerial. He made no effort to cast them into one theoretical framework. His marketing theory was rejected by Allan Flanders for the same reasons he discarded Webbs' treatment of collective bargaining as an economic institution. To Flanders, rulemaking characteristic of collective bargaining is vital. « Chamberlain's governmental theory on the other hand, by placing all the emphasis on the procedural rules of collective bargaining appears to be quite unnecessarily restrictive and is not incompatible with a unitary view of the institution which also includes the substantive rules made by the parties for regulating their market relations. » ⁸ Thus the only theory left with a high degree of validity is managerial theory. Unions, despite their lack of intention to take-over management, are bound to involve themselves in managerial functions. Such a stage in the historical development of collective bargaining may not be reached until the marketing and governmental stages of 'sale of labour' and 'procedure for settling disputes', are not gone through. Thus what is lacking in Chamberlain's scheme is a unitary view on collective bargaining. His trichotomy of views does not provide answers to what a theory of collective bargaining must explain. Somewhat different conceptual integration of collective bargaining theory with an accepted theory of the labour movement and a theory of the firm is also missing from Chamberlain's theories. Subsequently, he reduced the stress on conceptual significance of his theories and referred to them as 'three viewpoints'. ⁹

⁷ L. Reed TRIPP, « Collective Bargaining Theory » in *Labor Management and Social Policy*, ed. G.G. Somers, Madison, The University of Wisconsin Press, 1963.

⁸ Allan FLANDERS, *op. cit.*

⁹ Allan FLANDERS, *op. cit.*, p. 20.

Constructs of a New Theory

An integrative approach in collective bargaining theory is possible internally in the Chamberlain's context and also externally, in relation to theories of the labour movement and theories of the firm. In the proceeding section, the survey of bilateral monopoly theory and Chamberlain model has underlined the following areas of concern :

(a) Existing theories of collective bargaining are essentially partial theories. They explain only part of the phenomenon of collective bargaining.

(b) There is a semantic and definitional problem. In most cases it is not defined as to what a theory of collective bargaining is expected to explain. Is it expected to explain structural, functional or behavioral aspects of collective bargaining ? Is collective bargaining synonymous to negotiation ? Should the theory concern itself with problems of analyzing behavior in union and management organizations including motives, activities and interactions ? What about the problems of conflict between personality and organization and inter-organizational conflicts ? How is a theory of negotiation different in its intent and scope from a theory of collective bargaining ? What ought to be the conceptual relationship between a theory of collective bargaining and a theory of industrial relations ? The quest for a unified theory of collective bargaining must therefore begin by tackling the problem of definitions and by sorting out some basic taxonomical issues. It need hardly be overemphasized that formulation of hypotheses, methods of operationalism and research in this area are generally difficult on account of vague definitions. Studies in the area of collective bargaining are by and large descriptive case studies, unrelated to theoretical concepts.

(c) There is a basic problem of prediction in social sciences. Most propositions are probabilistic in nature. Theories surveyed in the previous section, with the exception of Chamberlain's tri-lateral viewpoint are theories of negotiation not of collective bargaining. They predict little or nothing about the probabilistic nature of collective bargaining. They indicate a range of indeterminacy in wage settlement through labour-management negotiations. These predictions need to be supplemented with other predictions about the possible changes in the nature, function and structure of collective bargaining.

Definitions

Clarity in defining objects, events, processes and concepts is essential in the formulation of hypotheses and theories. Definitions have extensional and intensional features and it is incumbent upon a theory to designate clearly the objects which have such features. Words have intentional meanings unless defined in terms of conceptual realities. In industrial relations there is a fair amount of vagueness in differentiating concepts such as negotiation, bargaining, collective bargaining and industrial relations itself. Consequently, theories formulated to explain negotiational process are taken to be theories of collective bargaining. Similarly, little distinction is made in the conceptual requirement of a theory of industrial relations vis-a-vis a theory of collective bargaining. Obviously these concepts have not been defined in their extensional context.

Collective bargaining is a rule-making process, on a private and voluntary basis. It is a process of conflict resolution and a mechanism for decision making : an instrument of social justice. It requires certain environmental preconditions such as a capitalistic or a socialistic system of production, with a high degree of growth potential and elements of economic freedom. Secondly, it also requires a democratic political system which permits existence of pressure groups, lobbying activities and pluralistic system of decision-making. Thirdly, a viable legal framework is necessary to protect the existence of various interest groups which may interact in a relatively equalized power context. Where these prerequisites do not exist or exist in a modified context, we have either political action instead of collective bargaining or a modified version of collective bargaining.

The process of negotiating an agreement is often described as collective bargaining. This is, to say the least, a very narrow definition. As mentioned earlier, collective bargaining has three dimensions : (1) employee organization into unions, duly certified as bargaining agents plus employer or employer associations, if any ; (2) process of negotiating an agreement, in good faith ; (3) socio-economic and legal sanctions in the forms of permissive strikes or lockouts. Sometimes collective bargaining is described as a continuing process as it involves settling of grievances in line with the procedure agreed to in the existing contract. This definition, on the other hand, is unnecessarily diffused and confusing. For how else can one define industrial relations which is an on-going process and a system with identifiable characteristics. In other words,

adding a fourth dimension to collective bargaining — namely, administration of contract — would define the scope and content of industrial relations. Alton Craig has defined industrial relations as « that complex of private and public activities, operating in an environment, which is concerned with the allocation of rewards to employees for these services. »¹⁰ This definition is comprehensive and in line with the one developed here.

Theoretical Integration

In most academically respectable disciplines, there is an integrated body of theory. Theories of higher order and rigor are generally formulated, utilizing the tributes received from theories of narrower application and scope. In economics, for instance, Keynes general theory of employment is squarely based upon theories of saving, consumption, interest and investment. In industrial relations no formal attempt of this kind has been made, although, as mentioned earlier, there are fragments of partial theories which may not defy a logical integration.

In this section, I will identify conceptual output, in part or in totality, from three different theories which will become input in a proposed theory of collective bargaining. These theories and model are : Commons theory of the labour movement ; Marginalist-Behavioralist theories of the firm ; Stevens-Somers model.

COMMONS' THEORY OF THE LABOUR MOVEMENT : —

Perhaps the most plausible explanation of trade union development, almost universally applicable, is John R. Commons concept of expanding markets. In his article on « American Shoemakers : 1648-1895 », Commons has established a cause and effect relationship in an integrated fashion, proceeding with the extent of market expansion, advancing stages of production, dichotomy of interest, outgrowth of competitive menaces to the final creation of protective organizations.

« It was the widening out of markets with their lower levels of competition and equality, but without any changes in the instruments of production, that destroyed the previous identity of master and jour-

¹⁰ Alton W. CRAIG, « A Model for the Analysis of Industrial Relations Systems, » a paper presented to the Annual Meeting of the Canadian Political Science Association, Ottawa, June, 1967.

eyman cordwainers and split their community of interest into the modern alignment of employers association and trade union. The struggle occurred, not as a result of changes in tools or methods of production, but directly as a result of changes in markets. »¹¹

This cause-effect relationship is not the only plausible dimension of Commons theory of labour movement but there are reasons to believe that it also has predictive capability. For instance, it can be established that a historical and empirical verification of this theory in terms of labour, product and money market expansion exists in the rise of Canadian international trade unionism. It is interesting to note that Professor Tripp's theory of collective bargaining draws heavily from Commons concept of expanding market.¹² Perhaps it is the potency of this concept and its historical verification in U.S., Canada and England which made Commons theory preferable in comparison with others like Tannenbaum and Hoxie. For instance, the phenomenon of expanding markets when examined in a historical perspective, provides an explanation to the doctrine of classical liberalism. The philosophy of liberalism found its logical expression in laissez-faire. One may pause for a moment and question as to why philosophy of liberalism permeated the political and economic structure of English society? Is it not due to the fact that England at that time experienced a spectacular growth and expansion of *The Empire* and *The Markets*? While this widely accepted doctrine of laissez-faire brought liberalism in economic sphere it also helped in establishing individual rights, vis-a-vis the crown. Commons has discussed at length in his *Legal Foundation of Capitalization* as to how the monarch's unlimited sovereignty was curtailed through rent bargain, price bargain and wage bargain. While one feels convinced of the far reaching influences of expanding markets, this concept *per se* does not constitute a theory of collective bargaining. It certainly is a theory of the labour movement and explains a great deal of socio-economic and power structure changes in an industrializing society. For our purposes it explains the development and structure of the trade union movement but says nothing definitive about the outcome of a negotiation or the pattern of conflict resolution. To seek answers to the latter components of collective bargaining theory, it is considered necessary to find supplementary concepts in the other two theories.

¹¹ John R. COMMONS, « American Shoemakers : 1648-1895 », *Quarterly Journal of Economics*.

¹² L. Reed TRIPP, « Theory of Collective Bargaining, » *op. cit.*

MARGINALIST-BEHAVORALIST THEORIES OF THE FIRM : —

As we explored the reasons for the development of the trade union movement in the phenomenon of expanding markets, so must we find theoretical basis of management resistance to unionism, both in economic and behavioral terms. Managements' resistance to unions in economic terms is relatively simple to explain by resorting to the marginalist formula. Economists built their theory of prices, cost, wages, and employment on the postulate that management wishes to maximize money profits. The guiding principle for an individual employer, under competitive condition, is to expand his output (by employing additional units of land, labour and capital) to the point where his marginal cost becomes equal to his marginal revenue. This will ensure maximum output and money profits. The bid for maximization would therefore maintain a continuous pressure on the employer to cut costs on wages, rent and interests. The presence of union in the plant will tend to frustrate management goal to reduce costs at the expense of wages. Here lies the marginalist explanation of management resistance to unions. However, a great lacuna in the assumption about management tendency to maximize, leading to a large body of abstract theorizing, was later discovered when the economists realized that it had not been tested for its universal application. Behavioral scientists, in particular, attacked economic theorizing in this area on the ground that it is based on profit maximization hypothesis which is not adequately verified. Its validity, legitimacy or usefulness depends on the percentage of employers who operate their business on the sole objective of profit maximization. Behavioralists insist that operating a business is a complex organizational (bureaucratic) and decision-making process. Profit maximization in this context is no longer a tenable hypothesis. What becomes an important and perhaps a primary goal in management, is coordination and integration of human effort. The business objective in such behavioral context is satisfactory profits rather than maximum profits.

It is not intended to resolve marginalist-behavioralist controversy here.¹³ What remains a common explanatory phenomenon in these opposing points of view is management resistance to unions. Under the marginalist scheme, unions are resisted on account of management cost-consciousness; under the behavioralist contention, it is the presence of

¹³ For an excellent coverage of this controversy, see Fritz MACHLUP, « Theories of the Firm : Marginalist, Behavioral, Managerial, » *The American Economic Review*, Volume LVII, No. 1, March 1967.

unions which tends to obstruct management decision-making in such matters as hiring, promotion, seniority, work-sharing, layoffs and others. Both these views are essential for theorizing in the area of collective bargaining. Rationale for union existence is to be found not only in its monetary objectives (wage increments) but also in its desire to regulate matters of industrial jurisprudence. Management resistance to each of these union objectives is theoretically explainable in marginalist and behavioralist schools of thought, respectively. I do not visualize that either of these camps will score a complete victory over the other. Behavior of the firm must be explained in its maximization function as well as in its decision-making role. There is, however, a wide scope for refinement and conditional statements, introducing such variables as size of the firm, degree of bureaucracy, competitive nature of the markets etc. Economists and behavioral scientists must cease to make universal generalizations which would also explain, for our purposes, varying degrees of management resistance to unions.

Thus far we have outlined, in theoretical terms, union and management goals and objectives. We have also noticed an inherent element of clash or conflict in these respective goals. Logically, what needs to be explained next is the mechanics of resolving conflict which is accomplished through negotiations. Happily, there are a number of theoretical developments to explain the strategies and the underlying intra and inter-personality conflict-choice situations. One of them referred to earlier is the Stevens-Somers model.

THE STEVENS-SOMERS MODEL

Karl M. Stevens explains bargaining equilibrium between labour and management by using a conflict-choice model. The basis of this model is a hypothesis that « the strength of an individual's tendency to avoid a negative goal is a decreasing function of his distance from the goal. »¹⁴ G. G. Somers applies this model to explain a worker's intra-personality conflict.¹⁵ He uses an avoidance — avoidance type of model

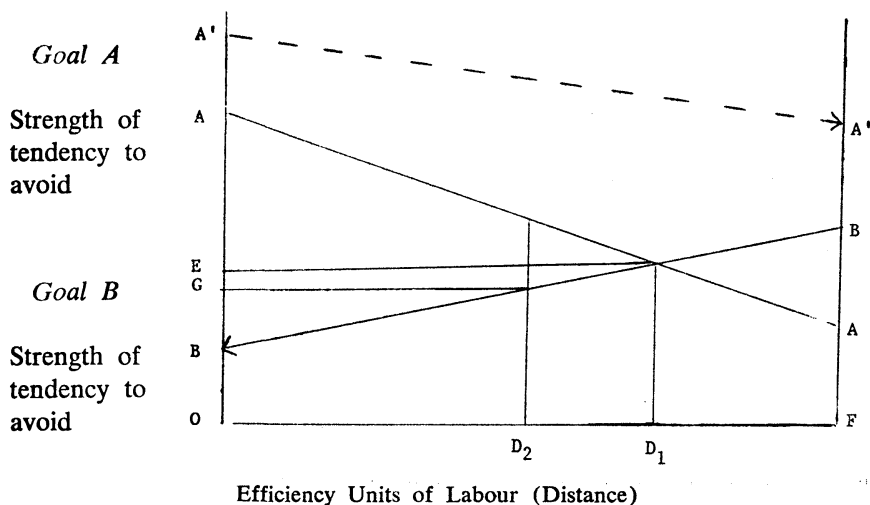
¹⁴ Karl M. STEVENS, *Strategy and Collective Bargaining Negotiation*, New York, McGraw-Hill Book Co. Inc., 1963.

¹⁵ Gerald G. SOMERS, « Bargaining Power and Industrial Relations Theory, » a paper presented to Industrial Relations Theory Seminar, University of Wisconsin, 1964.

which means that in Figure 2, both the goals are negative. On account of his insecurity gradient AA , the worker tends to avoid goal A or job termination. He would also tend to avoid goal B or maximum efficiency because of his withholding gradient BB . At point D_1 , the worker is in equilibrium position. He is exchanging OD_1 units of efficiency for equal units of security or in other words, his strength of the tendency to avoid goal A is equal to his strength of the tendency to avoid goal B, measured by OE . If the worker is temporarily displaced from position D_1 to D_2 , his strength of the tendency to avoid goal A will be greater than his strength of the tendency to avoid Goal B ($OE > OG$). Therefore the worker will move toward goal B till he returns to his original position, D_1 . It may be noticed that D_1F indicates withholding and is therefore a measure of tension, frustration or conflict. In an ideal situation AA will shift to $A'A'$, indicating no withholding, no job termination and complete acceptance of goal B (i.e. maximum efficiency).

Similar avoidance — avoidance type of models may be used to explain the equilibrium positions of union and management. For example, the two negative goals for the management will be strike cost and loss of profits or autonomy, if the union demands are to be accepted for the union, on the other hand, the two negative goals will be status quo and

FIGURE 2

Conflict-Choice Model

settlement at the management terms. Thus the avoidance model as applied to both sides of the negotiating table, determines the bargaining power of the respective parties. Actual settlement or the resolution of inter-personality conflict takes place at the point where both sides reach a consonance in their respective conflict equilibria.

Various attempts have been made to precisely explain the point of settlement in the bargaining process. Karl M. Stevens tends to favor the avoidance — avoidance model as against the nonconflict choice approach in Pen's theory. According to him, « the avoidance — avoidance model actor in any event goes on negotiating until the necessary and sufficient conditions for agreement are met. While negotiating, he confronts this choice : (a) accept bargaining opponent's proposal, or (b) insist upon his own position. He does not simply elect either of these goals ; he is conflicted — which yields an equilibrium position such as D_1 , the rate he would be willing to accept if there were some way to do so. The negotiation process involves a resolution of this intra-personal conflict in the context of an inter-personal conflict. »¹⁶

Discussion on relevant theoretical bases in this section may be summarized by suggesting that a comprehensive theory of collective bargaining must be squarely based on the deductive and inductive results of the following three conceptual frameworks : (1) Common's theory of the labour movement explaining the rationality in worker's decision to join a union ; and union behavior and objectives with regard to monetary and non-monetary issues. (2) Marginalist-Behavioralist theories of the firm used in our context to explain management resistance to unions on economic and behavioral grounds or more specifically in terms of maximization and satisfying functions. (3) Stevens-Somers model explaining the mechanism and output of conflict resolution through union-management negotiation.

Theory and Operationalism

The function of a theory of collective bargaining should be to explain in operational terms : (1) the logic of collectivity as expressed in the

¹⁶ Karl M. STEVENS, *op. cit.*, p. 150. For other approaches to the explanation of negotiation process see J. CROSE, « A Theory of the Bargaining Process » (*American Economic Review*, March 1965), pp. 55, 67-94 and R.E. WALTON, and R.B. MCKERSIE, *A Behavioral Theory of Labor Negotiations*, New York, McGraw-Hill, 1965.

formation of unions ; (2) management resistance to unions ; (3) structure of bargaining relationship, i.e. local, regional, national or industry wide ; (4) the type of collective bargaining relationship over a continuum of perfect harmony to hostility — defining the degree of conflict ; and (5) process of collective bargaining as defined by the mechanism of a third party intervention, work stoppage and emergency settlement ; and (6) the outcome of negotiation or content of an agreement.

(a) A theory of collective bargaining must throw some light on the motives of workers to form a collectivity. (b) Why does bargaining, at times, take place at the local levels, popularly known as decentralized bargaining, and at others, in a fairly centralized manner, at national or industry level ? In other words, does it explain the structure of collective bargaining at a given point in time, or its evolution historically ? (c) It must also explain the changing hierarchy of preferences in union demand for economic and non-economic concessions. It must explain the interplay of political and power struggle vis-a-vis matters of wage increments. This includes intra-union political struggle between rival groups and between membership and the union leaders. (d) The basis of conflict and the ways of its possible resolution, including labour-management negotiational strategies, bluffs, horse-trading as well as the evolution of public policy in terms of conciliation and emergency settlement procedures must be accounted for. (e) Lastly, the theory must explain the outcome of collective bargaining, that is, the actual content of the agreement. This includes not only the substantive issues such as wages and fringe benefits, but also procedural matters.

How can our discussion on theoretical integration help us in defining concepts operationally which may explain the above dimensions of collective bargaining ? Operationalism is not a prerequisite in the formulation of theories. But non-operational concepts used in a theory will render it non-verifiable. Such seems to be the fate of a number of theories in industrial relations, which explains the nature of non-theory based research and lack of prediction or probabilistic statements.

I am presenting below four causal or independent variables, at least three of them have been derived from the integrated system of theories covered in this section. These independent variables are expected to explain changes, both on a historical and futuristic perspective in the six dimensions of collective bargaining outlined above. They are thus, our dependent variables. (See Table 1).

TABLE 1

THEORETICAL ANTECEDENTS AND CAUSAL RELATIONSHIP
IN COLLECTIVE BARGAINING THEORY

<i>Theoretical Antecedents</i>	<i>Independant Variables</i>	<i>Dependent Variables</i>
Commons theory of the labour movement	Expansion of markets	Degree of unionism
Marginalist-Behavioralist theories of the firm	Management maximization satisfying function	Structure of unions and collective bargaining Management resistance to unions.
Steven Somers Model	Power as a negotiational base	Type of collective bargaining relationship and the content of collective agreements
Commons legal framework of capitalism	Legal foundations of conflict resolution	Process of conflict resolution. Type of collective bargaining (degree of hostility)

Beyond the establishment of this cause and effect relationship, there is further need for expressing these ten variables in operational terms. Some of these may even lend themselves to a certain degree of quantification with a possibility of indicating negative or positive relationship between each of the four independent variables and their correlates in the list of dependent variables.

Expansion of markets is a concept which is applicable to product, labour and capital at each one of the seven phases of development described by Commons.¹⁷ In a historical perspective, they were instrumental in determining the process of production and giving rise to 'competitive menaces'. Such menaces, in the early itinerant and personal stages of market expansion, affected both master and journeymen alike, and it was only in the latter stage that craft gild emerged as a protective organization. Journeymen, for the first time, identified their interests separately

¹⁷ 1) itinerant ; 2) personal ; 3) local ; 4) waterways ; 5) highways ; 6) rail ; and 7) world., John R. COMMONS, « American Shoemakers : 1648-1895, » *op. cit.*

from merchant-master when market expansion became possible through waterways and gave rise to competitive menaces in the form of « scabs » and interstate producers. This was the embryonic stage of trade union development. Subsequent stages of market expansion are historically correlated, in the American experience, with the rise of unionism which had gradually increasing scope from the local to the regional, national and international organizations. Thus in the Commons's framework, the concept of expanding markets, as a causal variable was well defined and explained the development of trade unionism as well as its structure. However, there was no measurement criterion involved in defining, for instance, the highway or railway phases of market expansion. Rostowian stages of development, on the other hand, are not only historically based but have also quantitative criteria such as rates of saving and investment as a percentage of GNP, typical for each stage of development. Possibility of introducing such conceptual preciseness in Commons framework exists. In fact, researchers who have correlated GNP with trade union membership over time have not acknowledged their intellectual debt to Commons for his historical account of expanding markets and trade union growth. GNP in their case is a quantitative proxy variable for expanding markets. Any other economic indicators such as volume of exports and imports, capital inflows and outflows and labour mobility across the boundaries may also be used as quantitative expression of expanding markets. However, these quantitative variables have not been used for explaining the degree of unionization or the centralized or decentralized structure of collective bargaining. Quantitative studies attempting to relate labour and product market conditions with the structure of collective bargaining do exist. In short, there is adequate theoretical justification in establishing expansion of markets as a causal force in determining union growth and structure of collective bargaining. But it does not stand to reason that other aspects of collective bargaining could also be explained in terms of expanding markets. Professor Tripp's theory of collective bargaining for instance, credits it with sufficient exploratory power, extending it to Perlman's theory of job consciousness, so that a quest for additional independent variables is abandoned.

Management satisficing function is the central concept of the behavioral theory of the firm, discussed earlier. This has never been used in collective bargaining theory or for that matter not sufficiently operationalized to be a useful guidepost for statisticians and data collectors. However, for the purpose of our theory, it is indispensable in explaining management resistance to unionism. It is not a static notion or constant

in its application. Management's cost consciousness and its traditional sense of protecting prerogatives, change from time to time and from corporation to corporation. Management hardline policy toward unions is a reflection of this function and among other things, varies according to the general economic performance at the time.

As expansion of markets defines union growth, management satisficing function determines their resistance to unions. There is an element of interdependence in these two variables; that is, extending markets affect management's maximization and satisficing behavior and contrariwise extension of markets, to an extent, is determined by management cost consciousness, sense of competition and urge to maximize. Interplay of these two variables provide the backdrop for bargaining tactics and negotiational strategy which in turn define the contents of an agreement. A third exploratory variable in our theoretical framework is power as a negotiational base. Power has been defined by sociologists in a variety of ways; according to Robert Dubin it is :

« The importance that consequences of action have in a social relationship. If the consequences of an act are highly important for everyone involved in the act, then the actor is powerful. Power relations result from the execution of functions that are necessary to the social relationship.¹⁸

The context in which it is used here is no different from the usage in Steven's model. Type of bargaining relationship or the degree of hostility involved as well as the final outcome of the bargaining process are explained by the bargaining power of the protagonists. The concept is quite useful and defensible in a definitional sense, although quantification of withholding function or degree of militancy is still a problem.¹⁹

Interdependence and conceptual integration of these three exploratory variables is significant for a theory of collective bargaining as each of them is derived from widely accepted but hitherto unrelated theories of unionism, management and negotiation. Jointly and severally they explain five of the six dependent variables. Process of collective

¹⁸ Robert DUBIN, « Power and Union-Management Relations, » *Administrative Science Quarterly*, June, 1957, pp. 60-61.

¹⁹ For various approaches to quantification see S. HAMEED, « Theory and Research in the field of Industrial Relations, » *British Journal of Industrial Relations*, July 1967.

bargaining or its statutory regulation including the right to organize, certification procedure i.e. determination of an appropriate bargaining agent, decertification, conciliation, mediation, arbitration and inquiry need to be explained in terms of legal foundations that a society chooses to establish. What philosophical, economic or political doctrines give rise to a unique system of statutory regulations of collective bargaining should be the subject of a separate study on jurisprudence. For our purposes it is an independent variable, logically linked in our system of three variables already defined. Where and how does it link ?

Legal institutions and processes, in Commons terminology, are « going concerns. » They are affected, not determined, by the phenomenon of expanding markets like any other economic or political institution. According to Commons, it is in the expanding markets that the evils of competition take place ;²⁰ and it is from here that the « menaces » have to be removed through the instrumentality of protective organizations and protective legislation. The law-givers generally respond to the changing features of a society when this change is not in line with the predetermined values of the society. The change itself, among a million other factors, may have been introduced as a result of migration (labour market expansion) or trade (product market expansion) or in modern terms, through mass-media which transmit ideas within and without a national territory. The philosophy of liberalism and its logical extension, laissez-faire, directly or indirectly, gave birth to a host of statutory regulations in the Western capitalist world. Regulation of interstate commerce and anti-trust laws are early examples of legal constraints within which labour-management relations were being shaped.

For lack of space here, I may conclude by briefly emphasizing that expansion of markets is a very potent variable in our scheme. Conceptually, it is related with management satisficing function and also indirectly with power and negotiational strategy. Its relationship with legal foundations of conflict resolution, in Commons's treatment, is well documented to need no further discussion. A note of warning is necessary here as one may tend to use the phenomenon of expanding markets as the only causal variable, *defining* the remaining three exploratory variable and hence all the dependent variables as well. This is not the case as all the four independent variables in our system, including expansion of markets, are

²⁰ K. PARSENS, « The Basis of Commons's Progressive Approach to Public Policy, » in G.G. Somers (ed.), *Labor Management and Public Policy*, *op. cit.*

determined exogenously. It is only the interdependence and integration which is emphasized here. Thus our theory is broad based compared with Professor Tripp's theory. It is more integrated than Chamberlain's and limited in scope than the Dunlopian framework which purports to explain the entire industrial relations system.

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UNE THÉORIE DE LA NÉGOCIATION COLLECTIVE

Une rétrospective des écrits sur les diverses théories de la négociation collective révèle d'une façon inquiétante qu'il n'existe aucune clarté eu égard au rôle, aux éléments et aux exigences de la négociation collective. La plupart des théories dites de régimes de négociation collective sont plutôt des théories de négociation ; la négociation proprement dite n'est qu'un élément d'un régime de négociation collective. Les théories suivantes sont partielles ou inadéquates : (1) la théorie du monopole bilatéral ; (2) le modèle Pen ; (3) le modèle Steven-Somers. Le modèle Chamberlain s'avère plus complet, quoiqu'il ne fait pas le lien entre ces trois théories de base : théories du marketing, théories gouvernementales et directoriales.

L'intégration des divers éléments d'une théorie d'un régime de négociation collective est possible en regroupant les éléments exposés par Chamberlain ; le contexte d'un tel régime pourrait être expliqué à partir des théories du mouvement ouvrier et des théories de l'entreprise.

LES JALONS D'UNE NOUVELLE THÉORIE

Une théorie du régime de négociation collective devrait expliquer en termes opérationnels (1) la logique qui pousse une collectivité à se grouper et à former un syndicat ; (2) la résistance des patrons face aux syndicats ; (3) la structure

du palier de négociation, i.e. local, régional, national ou industriel ; (4) le type de relations qui existent dans la négociation, en exposant le continuum allant d'une harmonie parfaite à l'hostilité — en précisant le degré de conflit ; (5) le processus de déclenchement des mécanismes tels que l'intervention d'un tiers, l'arrêt de travail, les règlements d'urgence des différends ; (6) et le résultat de la négociation ou le contenu de l'accord.

L'utilisation de termes opérationnels dans l'élaboration d'une théorie n'est pas un prérequis, mais s'avère nécessaire pour rendre cette théorie vérifiable.

L'auteur rend son schéma opérationnel en établissant quatre variables indépendantes ou causales.

Celles-ci doivent expliquer les changements passés et futurs qui se produisent dans les six dimensions déjà présentées : ces dernières constituant donc ses variables dépendantes.

- (a) L'expansion des marchés explique le degré de syndicalisation, et la structure des syndicats et de leurs négociations ;
- (b) La fonction de satisfaction au désir des patrons de maximiser les profits expliquent leur résistance face aux syndicats ;
- (c) les lois visant à résoudre les conflits expliquent la procédure des règlements de conflits et le type de négociation (degré d'hostilité) ;
- (d) le pouvoir de négociation rend compte du type de relation qu'on retrouve dans la négociation collective et le contenu des conventions collectives.

Ces dix variables peuvent être davantage exprimées en termes opérationnels, puisqu'il est possible de quantifier certaines d'entre elles, et d'établir une relation positive ou négative entre les variables indépendantes et leurs variables dépendantes correspondantes.

La théorie d'un régime de négociation collective qui se baserait sur l'interdépendance et l'intégration conceptuelle de ces variables exploratoires serait fort valable : en effet chacune de ces variables provient de théories du syndicalisme, de management et de la négociation, qui sont acceptées en général, mais qui n'ont jamais été mises en relation les unes avec les autres.

Nous nous devons de souligner l'importance de l'expansion des marchés comme variable indépendante, à cause de sa relation avec la fonction de satisfaction des patrons, et indirectement avec le pouvoir et la stratégie de négociation. Toutefois une mise en garde s'avère nécessaire contre l'emploi exclusif de cette variable comme facteur causal, puisqu'on se doit d'insister sur l'interdépendance des variables et sur leur intégration.