
Interest Based Bargaining: The Role of the Trust Relationship between Employer and Employee

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ABSTRACT

This paper highlights the inherent adversarialism of traditional collective bargaining, and the various attempts that have been made by academics and practitioners to find ways to minimize the adversarial nature of the process. The paper then examines a number of cases where Interest Based Bargaining was used to create a positive, co-operative collective bargaining climate, and derives a number of guiding principles. Finally, the paper shows that building and maintaining a relationship of trust is a prerequisite for constructive collective bargaining.

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1 INTRODUCTION

It is common cause that the process of collective bargaining has its roots in the adversarial relationship between employers and employees which has characterized the workplace since industrialization. Consequently it can safely be assumed that the traditional style of collective bargaining is essentially conflictual by nature; this is reflected in the inherent militancy which has characterized the practice of collective bargaining from its inception, and the accepted practice of confrontation rather than co-operation which is usual in the approach to collective bargaining.

2 MOVING FROM ADVERSARIALISM

Acceptance of the universal truth stated in the Introduction, has lead both academics and practitioners to recognize that collective bargaining tends to be counterproductive as a labour relations process, and that more often than not it leaves a legacy of tension and negative attitudes, even after settlement has been reached. Understanding that sound workplace relationships must be the ultimate

objective of investing resources in the management of labour relations in general and in embarking on the process of collective bargaining in particular, draws attention to the undesirability of adversarial attitudes and approaches to the practice of labour relations, such as collective bargaining.

This is nothing new, and many academics and authors have tried to find solutions to the problem of avoiding or eliminating adversarialism and militancy from collective bargaining, without denying what must be one of the most fundamental, universally recognized rights of people in the workplace. Earlier authors such as Mayberry (1958) and Pigou (1959) tried to find formulae for collective bargaining that would eliminate or at least minimize adversarialism, by focussing on the "bargaining range", or the "distance" between the bargaining positions of the parties. The principle underlying this approach was to bring the parties as close as possible to each other, in a (futile) attempt to create the perception that neither party has much to lose or gain, in order to minimize the power play, coercion and threats which normally characterize collective bargaining, and make its consequences unproductive and perhaps destructive.

Even John Dunlop (1958), regarded by many as the father of modern Labour Relations theory, tried to find a constructive approach to collective bargaining by describing it as a rule making process, which aims to create a "system of rules" for the management or governance of business, and to provide a framework for the interaction between management and labour.

This approach stands in stark contrast to that of many other authors who describe collective bargaining as a power game, where one party attempts to coerce another to concede to demands which he/she in reality cannot or does not want to do. It is axiomatic that the result of such a process, however justified the positions of the respective parties may seem, must be a loss on the part of one or both of the parties and the possible breakdown of relationships.

Later theorists like Walton and McKersie (1965), and Chamberlain and Kuhn (1965), tried to change the negative focus on and attitude to collective bargaining by formulating new concepts like "integrative" and "distributive" bargaining. These concepts were based on the principles of sharing, participation and co-operation as the basis of the process of collective bargaining. They relied on the earlier attempts to address this problem (Golden & Parker, 1955; Rosenberg, 1960; Deutsche, 1958), suggesting that adversarialism must be removed from collective bargaining through the building of relationships, changing perceptions and attitudes, and a focus on communality of interests.

It was however not only academics and theorists who struggled with this problem. Many practitioners like Elliott Jaques (1960-66) of Brunel University in the United Kingdom, sought to find solutions to the elimination of adversarialism in collective bargaining. As consultant to the Glacier Bearing Company, he developed a system of employee representation and participation which had the effect that Glacier did not have labour strikes of any sort during a six-year period, when industry in Great Britain was generally characterized by strikes. Jaques attributed this positive achievement largely to the cooperative and supportive relationship which had developed over time between management and labour.

Because of the inherent adversarialism of the traditional collective bargaining process, almost all the theoretical models, like that proposed by Walton and McKersie, failed to produce the expected outcomes and were eventually relegated to the academic archives. Equally, systems which initially seemed to offer some prospects of co-operation and support, like the Glacier Project developed by Elliott Jaques, proved sustainable only as long as the initial champion remained committed to the project, thereafter sliding into disuse as relationships broke down and adversarialism again became prevalent.

3 INTEREST BASED BARGAINING

Interest Based Bargaining represents one of the latest attempts to move away from adversarialism and confrontational approaches to collective bargaining. Interest based bargaining developed as an approach to collective bargaining to meet the need for more productive and less costly alternatives.

According to Cameron (1997), it was the costly four months strike between the Saskatchewan Public Service Commission and the Saskatchewan Government Employees Union in Canada, which convinced both parties to agree to explore new ways of approaching the substantive negotiations. This led them eventually to agree to embark on Interest Based Bargaining.

Similarly, it was the deterioration of the relationship, and the consequent growing tensions between the management of the Salt River Project in Phoenix, Arizona and the International Brotherhood of Electrical Workers, following increased adversarialism and inflexible attitudes on both sides, which according to Estes (1997) ultimately caused the parties to agree to try Interest Based Bargaining too.

In both above mentioned case studies, workplace relationships improved significantly as a result of the change to Interest Based Bargaining. The parties

were henceforth able to settle their differences so that as relations became less confrontational and more co-operative, aggression decreased and trust developed between the parties. In fact, the improvement of the trust relationship between the parties has been the common denominator in every case where a change to Interest Based Bargaining was accepted as a viable, and more attractive, alternative to confrontational, positional bargaining.

The veracity of this statement may be found in the report by Cameron (1997) where he says, "...effective Interest Based Bargaining...requires trust, openness and understanding...and shared/common values..." moreover, "...it builds relationships...". He further expressed the view that it requires the sharing of information. The above mentioned aspects of Interest Based Bargaining, as well as the procedural steps which he proposes, all indicate that the vital success factor for Interest Based Bargaining is the building of a relationship of trust. It is clear that success is not determined merely by the decision to embark on Interest Based Bargaining, but rather on the preparedness to commit time and energy to the building of the trust relationship. In the Saskatchewan case study, Cameron reports that it took 54 meetings over a period of five and a half months for this type of exercise to reach the point where the parties could actually start the Interest Based Bargaining process itself. He called this a "record of brevity".

With reference to the antecedents of the Salt River Project case study, Estes (1997) says that in the past the Salt River Project management and the International Brotherhood of Electrical workers met on an agreed date, and proceeded to negotiate from pre-determined "positions", presumably based on mandates from their respective principals. In describing how the parties moved into Interest Based Bargaining from their traditional pattern of negotiation, he says that they decided to start talking around "issues of common interest", because "...it's less adversarial and more geared toward [finding] mutually beneficial solutions...".

Estes therefor confirms the need for a gradual build-up of the trust relationship over a period of time, using issues of common interest which are not emotionally loaded, and about which neither party has strong feelings or preconceptions. This is perhaps the first principle of Interest Based Bargaining.

While both Cameron (op cit.) and Estes (op cit.) mention it in their respective reports, it is Cimini (1995), who specifically identified the need to begin on common interests, and further suggested the need for developing common values. He was reporting on the move to Interest Based Bargaining between the Minnesota Nurses Association and the Metropolitan Healthcare Council because of the growing tensions and consequential deteriorating relations between the parties. These said tensions were the result of declining revenues

and increasing expenses in healthcare services which seemed to suggest the need for staff reductions. Cahill (1995) also focussed on the importance of developing common values as a critical success factor for Interest Based Bargaining, in his article on "Interest Based Problem Solving".

From the above-mentioned views and statements, a second principle of Interest Based Bargaining can be deduced, namely that the interaction between the parties must start with focussing on common interests. These are the issues about which agreement is likely to be reached without too much difference of opinion and the need for concessions by the parties. Reaching agreement about such issues will create an atmosphere of co-operation and a "sense of oneness" (Cahill & McCrary, 1995).

The third principle which emerges from the various cases reported, is that a set of common values needs to be developed by the parties themselves, on which their interaction can be based and which will provide the framework within which a relationship of trust can be developed between them.

There seems to be an important consideration which links this third principle of developing common values and the first principle of gradually building up a trust relationship over time. This relates to the understanding that Interest Based Bargaining is not something which the parties can accept at a moment's notice, and then begin to practise immediately. It is clear enough that in all cases where Interest Based Bargaining proved to be a viable alternative to traditional collective bargaining, it required careful planning, total commitment by both parties and, above all, the willingness to go through a fairly lengthy process during which there are bound to be setbacks, frustrations and in the beginning, quite probably considerable stress due to mistrust. Although these aspects are not highlighted by the various authors, they are implicit in their reports.

All the authors emphasize the need for developing sound interpersonal and intergroup relations, as well as for commitment to a communications process. This is clearly a key issue in building relationships and developing common values. It goes without saying that a relationship of trust will only develop once people get to know each other, and this will only happen once they start communicating and interacting. It is equally obvious that a shared value system will only develop once people communicate their values and beliefs to each other, and then begin to collectively examine these values until they find communality and preferably consensus.

Developing proper communications skills, as well as a commitment and preparedness to interact freely and openly, must be regarded as a *sine qua non* for effective Interest Based Bargaining

Another aspect which emerges from the presentation of the relevant projects without being specifically mentioned, is that success will not be achieved unless the parties have adequate information about each other, their respective views, beliefs, values and interests. All the authors who highlight this issue point to the need for information to be comprehensive and freely shared. It is in fact suggested that one party should not have to request any information from the other party, but that both parties should make available all information which they may have and consider relevant to the issue under discussion. This is likely to create a perception of openness, honesty, and commitment to a relationship to enhance mutual trust. Unsolicited and complete information sharing must therefore be regarded as another important requirement for and guiding principle of Interest Based Bargaining.

A main cause of mistrust and reluctance to communicate openly, is the perception that a person may have about other people and their motives. It is well known that perceptions are the products of the underlying values and the stereotypes that people develop as a result of these values.

One of the most important issues which has to be addressed in the development of a relationship of trust, is the preparedness to examine these perceptions, to correct fallacious and biased views and stereotypes, and to substitute correct perceptions based on common or shared values .

In the cases studies mentioned above, the parties concerned seemed to accept that they would probably not be successful if they embarked on the formidable process of establishing a trust relationship, if they did not enjoy the assistance of a properly trained and neutral facilitator to guide them through the process. As is the case with various intragroup relationships, an intergroup trust relationship also has to be developed between the respective parties and the facilitator. It would of course speed up the process and make it much easier if they started off with trust in the facilitator. In most cases, the parties would trust the facilitator if they were convinced of his expertise, both as facilitator and bargaining expert, his integrity, neutrality and of course trustworthiness.

Recent experience in South Africa has shown that Interest Based Bargaining, as is probably the case with traditional collective bargaining as well, often meets with failure because the parties concerned have different or opposing views and positions on issues which are really peripheral to the actual negotiation agenda proposed by them.

In a recent case attended by the author, the negotiations ended in deadlock, with the union side vehemently defending their demand for a 12% wage increase and the employer side refusing to make any concession on its offer of 8%.

Mediation of the dispute later revealed that it was not really the percentage of the increase which had caused the deadlock, but the actual amount of take-home pay. What had happened, was that both parties had agreed to use “the inflation rate” as the basis for negotiating the wage increase. Management had then proceeded to use the “official” (government) index produced by Statistics South Africa, while the union relied on a variety of newspaper and popular journal articles, to choose either the recorded inflation index or an “inflation plus” index decided on by themselves.

When management responded, the positions were so disparate that the parties accused each other of dishonesty and renegeing on the agreement to use the inflation index. Accusations of “bargaining in bad faith” became the order of the day, the relationship deteriorated to the extent that anything said by one party was immediately questioned and contested by the other. Public demonstrations by the union turned to violence and destruction of property.

Mediation also highlighted the fact that if management had not used the overall consumer price index, but relied on the sub-index for household consumables instead, then they would have reached almost exactly the same figure as the union, which had relied on a calculation based on a basket of goods. When asked subsequently whether they would have considered the offer/demand of the other party if it had been based on the “common” index, both parties responded without hesitation that they would have unequivocally accepted it.

It is clear from the last mentioned case that if the nature and content of the “inflation index” had been jointly determined, agreement would probably have been reached on this item, without much negotiation. If this had happened, it seems reasonable to assume that the parties would have left the negotiations feeling good about themselves and each other, perhaps trusting each other more as partners in the employment relationship.

This case raises another guiding principle of Interest Based Bargaining, namely that mediation could serve a useful purpose in creating mutual understanding and values. Communality of interests based on this principle could avoid obstacles that might otherwise negatively impact the trust relationship.

Apropos the above case, the following untested proposal may be put forward for consideration. If mediation seems able to serve the purpose of establishing common understanding, values and interests with regard to certain interest disputes and so to facilitate Interest Based Bargaining, it seems reasonable to assume that arbitration could serve the same purpose. Arbitration of disputes about rights, would obviate disruption of the bargaining process, as the parties

would then have clarity on these rights. This may even be a means of settling minor disputes about interests, so that the trust relationship is not affected .

4 CONCLUSION

To conclude, the following suggestions are made to promote Interest Based Bargaining in general and the development of the trust relationship in particular. Effective collective bargaining is an extremely taxing process because of the complex dynamics of the process itself, as well as the complexity and intensity of the forces that influence the process. A pre-existing device that may assist in reducing intensity and complexity, is for the parties to jointly develop the "rules of the game", and to formalize these rules in an enforceable agreement. Stumbling blocks should be removed by mediation and arbitration, either prior to or during the actual negotiation process. Commonalties should be explored, developed and established in joint sessions. Finally, the negotiating process should be facilitated by a qualified, skilled and trusted person, whose task it is to guide the negotiation process and clarify the rules of the game.

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