

Print ISSN: 2288-4637 / Online ISSN 2288-4645  
doi:10.13106/jafeb.2021.vol8.no5.0873

# The Impact of Collective Bargaining on the Income of Employees: An Empirical Study in Vietnam

Thi Tuoi DO<sup>1</sup>, Thi Huyen Sang PHAM<sup>2</sup>

Received: February 10, 2021 Revised: April 05, 2021 Accepted: April 15, 2021

---

## Abstract

People are often motivated by money. The salary a worker is paid by his employer can have a great influence on his performance in the administration. The study aims to identify and measure the impact of collective bargaining on the income of employees in enterprises. Participants were given a questionnaire consisting of 21 observation variables with a 5-point Likert scale. Independent variables were measured from 1 “without effect” to 5 “strongly”. Based on the literature review and results of interviews, a total of 285 questionnaires were sent to participants in 95 enterprises in three typical fields: industry, construction, textile, and garment; 255 of them met the standards and were subject to be analyzed. We use qualitative research methods combined with quantitative research methods. SPSS20 software is used to synthesize and analyze data. The results of Cronbach’s alpha, Exploratory Factor Analysis (EFA) and Multiple Regression Analysis (MRA) identify, the objective for collective bargaining (MT), time to organize collective bargaining (TD), the competence of the parties of the collective bargaining (NL), collective bargaining organization process (QT) are positively correlated with the income of workers in enterprises; information provided for collective bargaining (TT) has a negative correlation with the income of employees in enterprises. Based on the findings, some suggestions have been given for collective bargaining to increase the income of employees in enterprises in Vietnam.

**Keywords:** Salary, Bonus, Welfare, Income, Collective Bargaining, Labour Law

**JEL Classification Code:** J52, P46, J31, J01, K31

---

## 1. Introduction

In an enterprise, labor relations are the term used to define the process between employers and employees, management, and unions to make decisions in organizations. This is the relationship of rights and obligations between individuals or workers’ collective with their employers. A conflict of interest causes an employee to experience a struggle between diverging interests, points of view, or allegiance. Collective bargaining is a process of negotiation between employers

and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers’ compensation and rights for workers. That is why collective bargaining has been formed and is one of the important contents of the labor relation. Besides, the role of collective bargaining is increasingly concerned in the current market economic conditions.

Research by Freeman and Kleiner (2000) in the United States shows that, in general, social dialogue has a positive effect on productivity but the effect is not significant. However, the impact of social dialogue on employee satisfaction is very high. As a result, the rate of labor turnover in enterprises with social dialogue is lower than that of other enterprises. On the other hand, collective bargaining helps to increase job satisfaction, reduce the labor replacement rate, to prevent and lower conflicts in the organization, which thereby improves the image and reputation of the enterprise and helps enterprises increase productivity and boost business results.

In Vietnam, collective bargaining was mentioned in the 1995 Labor Code, but enterprises did not pay appropriate attention to this type of discussion in their enterprise.

---

<sup>1</sup>First Author. Lecturer, Faculty of Human Resource Management, University of Labor and Social Affairs, Vietnam.  
Email: dothituoi@gmail.com

<sup>2</sup>Corresponding Author. Lecturer, Faculty of Economics, Vinh University, Vietnam [Postal Address: No. 182, Le Duan street, Vinh City, Nghe An province, 460000, Vietnam]  
Email: sangpth@vinhuni.edu.vn

According to the Vietnam General Confederation of Labor, by 2018, the representatives of the employees had signed 27,866 agreements, reaching 67.96% of enterprises consisting of trade unions, of which category A accounted for 11.05%, type B accounted for 15.63%, type C accounted for 26.04%, type D made up 21.19% and the rate of agreements that cannot be classified is 25.02% due to expiration or without beneficial contents for employees [Appendix 1]. Thus, it can be seen that collective bargaining has not taken place much and has limited quality.

The researches on collective bargaining in Vietnam mainly studied about general problems of industrial relations (Nguyen, 2011; Pham, 2015); or researched the labor law provisions on collective bargaining, studying the legal adjustments to corporate collective bargaining in Vietnam (Hoang, 2011; Nguyen, 2018). With the support of the new ILO Industrial Relations Framework Project on Collective Bargaining in Vietnam, the research of Pham (2019) has analyzed and evaluated collective bargaining but not measured the impact of collective bargaining on the salary and income of employees in the enterprise. Therefore, this research fills the gap in this subject. The results of the study contribute to enterprises' collective bargaining to improve the income of employees in enterprises.

## 2. Literature Review and Hypotheses

### 2.1. Employees' Income in Enterprises

Employee income in an enterprise is a broad definition of salary, which is all the revenues that employees receive from their labor, including salaries (or wages), bonuses, lunch allowance, gas allowance, phone allowance, and so on. In this study, the income of employees has the same nature as the salary, which the employee receives based on the agreement or the employer's decision to support and reward the employees' effort. It can be understood that income includes wages, bonuses, and benefits that employees are entitled to.

The employee's income in an enterprise is understood as all the allowances that the employee receives in exchange for their labor with the enterprise. These are the economic benefits employees obtain from the enterprise because of the industrial relations, including wages and salaries, bonuses, and benefits.

Dohmen (2004) argued that wages are compensation paid to employees for work for a company during a period of time. That is the amount of money that the employer pays to the employee in the form of salaries or wages after the employee has performed a certain job that the employer hires. According to this concept, salaries and wages are limited to the employment relationship. Zingheim and Schuster (2007) also pointed out that in the labor market, wages and salaries

are not determined by the free interaction between labor supply and demand, but through a wage agreement between workers (with trade union as a representative) and employers. In Vietnam, although there are different approaches in terms using such as salary, wage, and income, Nguyen and Le (2010) and Tran (2012) both affirmed that the salary and wages are the money arising in the labor relationship that the employee receives from the employer.

Article 90 of the Labor Law (National Assembly, 2012) has stated: "*Wage is a monetary amount which is paid by an employer to an employee to do a job as agreed by the two parties. Wage includes a wage amount that is based on the work or title, wage allowance(s), and other additional payments. An employee's wage must not be lower than the minimum wage set by the Government. A wage must be paid to an employee based on labor productivity and quality of the work performed*".

Labor Law (National Assembly, 2019) has stated: "*Salary is the amount that the employers pay their employees based on their mutual agreement to perform the job, which includes the salary paid according to the job or titles, salary allowances and other additional amounts; The salary by job or title must not be lower than the minimum wage; The employer must ensure equal pay, regardless of gender, for such employees doing work of equal value*".

A bonus is a financial compensation that is above and beyond the normal payment expectations of its recipient. Bonuses may be awarded by a company as an incentive or to reward good performance. Bonus is a sum of money paid by an employer to his/her employees based on annual business results and the level of work performance of employees (National Assembly, 2012). It is the right of the employer to decide to reward their employees. At the same time, the Labor Law also defines Bonuses, specifically: "*Bonuses are construed as money, assets or by other means that the employers rewards their employees based on production business, work completion level of the employee*" (National Assembly, 2019).

The common basis for determining bonuses for employees is the annual business results of the enterprises and the level of work completion of the employee. Specific contents such as principles, cases, standards, time, level, method, and funding source will be specified in the bonus regulation of the enterprise. In some cases, the employee's bonus will be negotiated upon the collective labor agreement or the labor contract of the two parties.

Employee benefits are non-financial compensation provided to an employee as part of the employment contract. Employee benefits may be required by law (depending on the risk associated with the job or industry and the laws of the country where the job is held) or provided voluntarily by the employer. Benefits are wages paid by an enterprise that employees receive indirectly, including payments made

by the company for insurance programs (social insurance, health insurance, and unemployment insurance) and payments for other programs related to health, safety, and employee benefits such as pensions, vacation payments, housing, commuting transportation, position, promotion prospects, flexible working schedule, and so on.

Do (2020b) identified and measured factors affecting the salaries of employees in manufacturing enterprises in Hanoi, an important area of Vietnam's economy. The results of Exploratory Factor Analysis (EFA) and Multiple Regression Analysis (MRA) identified six main determinants influencing the salaries of employees in manufacturing enterprises in Hanoi, including Paying views of business leaders (PV), Financial ability of the enterprise (FA), Capacity of workers (CW), Capacity of the contingent of employees engaged in salary work (CC), Role of grassroots trade unions (TU), and State policies and laws on labor - salaries (STL). Based on the findings, some recommendations were proposed to help the firm leaders design appropriate personnel policies for creating better job satisfaction for employees in the future. On this basis, the authors proposed a number of recommendations to improve the salaries of employees in manufacturing enterprises in Hanoi. Income is one of the factors affecting the loyalty of accountants (Nguyen et al., 2020).

Do et al. (2020a) used secondary data from 2014 to 2018 collected through Vietnam Household Living Standards Surveys (VHLSS) conducted by the General Statistics Office. They employed Heckman Sample Selection Model to estimate the impact of vocation training on wages of laborers in ethnic minority areas. The results showed that vocational training plays a crucial role in improving the wages of ethnic minorities and has a positive impact.

## 2.2. Elements of Corporate Collective Bargaining

In labor relations, negotiation is referred to as a process of an agreement to gain the interests of each party in the purchase, sale, and use of labor goods and to resolve problems arising in labor relations. According to the ILO (1981), collective bargaining is all negotiations that take place between one party consisting of an employer, a group of employers, or one or more employer's organizations and the other party including one or more workers' organizations to stipulate working conditions and employment, resolve the relationship between employers and workers, or resolve the relationship between employers or their organizations and one or more workers' organizations.

Oumarou and Tomei (2017), presented international conventions on collective bargaining, policies for collective bargaining, participation of public systems, and social partners in different countries to promote collective bargaining. Special emphasis is placed on the organizations representing employees in enterprises.

In Vietnam, according to the National Assembly (2012), collective bargaining is the discussion and negotiation between the employees and the employer to build harmonious, stable, and progressive industrial relations; establish new working conditions as a basis for the signing of the collective labor agreement; resolve problems and difficulties in the exercise of rights and performance of obligations by each party in industrial relations. The contents of collective bargaining at enterprises include salary, bonus, allowance, and salary promotion; working time, rest time, overtime work, break between shifts; job security for employees; labor safety and hygiene; implementation of labor regulations; other contents that are of concern to both parties.

Collective bargaining is a process of negotiation between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers' compensation and rights for workers. The interests of the employees are commonly presented by representatives of a trade union to which the employees belong. The collective agreements reached by these negotiations usually set out wage scales, working hours, training, health and safety, overtime, grievance mechanisms, and rights to participate in workplace or company affairs.

In the research scope of this paper, the subjects in collective bargaining at the enterprise include (i) employers who are the subject to directly negotiate with the employees. They can appoint their representatives who are members of the board of directors to participate in the collective bargaining process; (ii) collective of workers, who negotiate with their representative organization. In Vietnam, it is a primary trade union that represents the collective of workers in the enterprise.

Researching on negotiating issues in industrial relations, Tracy (2016) presented key negotiation styles, instructing readers to exploit the power of emotions in the negotiation process, knowledge of negotiating strategies, and how to enter a negotiation with a well-prepared attitude. Cohen (2018) set out the basic elements of negotiation and major types of negotiation, especially, the wages negotiation.

Vu (2019) gave the following factors: (i) the level of skills and professionalism of the employees that affect the degree of employees' concern for collective bargaining in enterprises; (ii) the independence of primary trade unions; (iii) the enterprise owners' behavior (the employer).

Bacharach and Lawler (1981) with a comprehensive power model in collective bargaining provided elements of (i) commitment to negotiating relationship; (ii) information available to parties, (iii) the bargaining power that union negotiators and employers bring in collective bargaining relationships.

From the above approaches, elements of collective bargaining are selected for research on their impacts on employee's income in enterprises, including:

### **Objectives for collective bargaining**

The basic objective of collective bargaining is to arrive at an agreement between the management and the employees determining mutually beneficial terms and conditions of employment. Atkin and Rinehart (2006) provided four objectives in negotiation and discussion, including (i) win-win goal; (ii) one party benefits from on the other's costs but both win; (iii) one side wins - one side loses and (iv) both parties lose. The direct participation of both parties—the employer and the employees—in the collective decision-making process provides an in-built mechanism for speedy implementation of decisions arrived at collective bargaining. In negotiations, the achievement of the central goals is also a victory for the participants. But in the industrial relations at the enterprise, for the collective of workers, the goal of the collective negotiation is to achieve higher benefits than regulated in the law. Benefits that are expected to be higher are wages above the minimum level and more inversely tied wages to the employee's contribution to the enterprise. When workers contribute enough to create greater value for the enterprise, they deserve to receive bonuses or welfare regimes in terms of economic benefits or material benefits. On the employer's side, they also benefit from the employment relationship between themselves and the employee which is a "win-win" relationship (Tracy, 2016). Applying from research on the objectives of negotiation in general, combining with the nature of industrial relations, the goal of collective bargaining in the enterprise is included in the study by the author as (i) both parties mutually beneficial; (ii) achieving centralized objectives and (iii) collective of employees achieving benefits higher than that required by law.

*H1: The target set for collective bargaining affects the income of employees in the enterprise.*

### **Information provided for collective bargaining**

Information serving a collective negotiation includes information related to the situation of business activities of the enterprise and the situation outside the enterprise. According to Bacharach and Lawler (1981) and Leap and Grigsby (1986), the information provided for collective bargaining includes information of the firm performance of enterprises, including business results, data statistics on revenue, customers, labor productivity, and so on, and information of the labor market. National Assembly (2012) also stipulates that enterprises must publish information about the situation of business activities of enterprises for collective bargaining. Research by Nguyen et al. (2011) stated that in addition to the above information, it is also necessary to pay attention to information about the growth rate of the industry, the field in which the enterprise is operating; about economic status, labor market, legal regulations, and changes. The clarity,

completeness, and transparency of this information will help the collective bargaining to speculate the final negotiated salary, bonus, and benefits that the employee is entitled to in the next period.

*H2: Information provided for collective bargaining affects the income of employees in the enterprise.*

### **Time to organize collective bargaining**

The collective bargaining process can take time. Both parties prepare for the process by gathering information and reviewing the old contract. They then set timelines for the bargaining and reveal their wants and negotiate those wants. According to Tracy (2016), Sanibel (2009), and Ha (2010), timing has an important influence on the results achieved in business negotiation and discussion. Negotiation results are usually reached at the end of the negotiation. However, in industrial relations, the time when collective bargaining takes place is associated with the time when the production and business activities of the enterprise are taking place. At the time of high production and business, when production plans are urgently implemented to promptly deliver orders if collective bargaining also takes place, results are often in favor of workers. Through research and observations in Vietnam, collective negotiation usually takes place when production and business activities are in the peak phase and one is at the end of the Lunar year and the other at the beginning of the Solar year. This is also a specific characteristic of collective bargaining in Vietnam, often proposed by the a group of workers. Thus, they often choose the time that is more favorable for them to negotiate or at a time that labor consumption increases but the year-end salary and bonus regimes do not meet their satisfaction to immediate goals. Besides, at the end of the year, enterprises usually hold Workers Conference. Trade unions often organize collective consultation of workers at this time to negotiate collectively.

*H3: The time of organizing collective bargaining affects the income of employees in the enterprise.*

### **Competence of the parties of the collective bargaining**

In the studies of Sanibel (2009), Tracy (2016), Cohen (2018), and Vu (2019), the factors that create the capacity of parties participating in collective bargaining (including employers, workers, and the collective representative of the employee - trade union) are referred to as professional qualifications, work experience, negotiation skills, and communication skills. These are criteria used to evaluate both parties in industrial relations, including both the employers and the representative of the employees in the enterprise or the primary trade union.

**H4:** The capacity of the parties of the collective bargaining affects the income of employees in the enterprise.

**The Primary Trade Union**

Primary unions are that unions enroll a worker as its member. It is in direct touch with its members. It is the basic unit of a federation or a trade union structure. Primary unions are organized at the work-place and conduct industrial disputes. Kuruvilla and Turner (1993) affirmed the role of trade unions in collective bargaining. Vu (2019) and Do (2020a) said that the primary trade union represents the legal rights and interests of workers, is the representative for the voice, the thoughts, and the aspirations of employees in the process of enterprise operation. As a representative for the employees, negotiating, signing, and implementing the collective labor agreement at the enterprise, the primary trade union must show its position, strength, and independence, apart from the necessary factors according to the capacity scale, to influence negotiating partners to achieve bargaining goals (Bacharach & Lawler, 1981; Vu, 2019). The study of Do (2020a) also emphasized the independence of the primary trade union in terms of both human and financial factors.

**H5:** The primary trade union has an influence on the income of workers in the enterprise.

**Collective bargaining organization process**

The process of organizing collective bargaining is studied based on the provisions of Article 71–the 2012 Labor Code. The process of conducting collective bargaining is conducted in three phases: (i) The process of preparation for collective bargaining (including the employer provides information about the production and business situation; to collect the labor collective comments; to notify the

negotiated issues); (ii) the process of conducting collective bargaining (including holding a meeting for collective bargaining at the time and venue agreed by the two parties. Collective bargaining meetings must be recorded in minutes which must specify issues that have been agreed upon by the two parties, the tentative time for signing an agreement on the agreed issues; and issues on which opinions remain divergent); (iii) disseminating the results of the negotiation widely, publicly announcing the minutes of the meeting of the collective bargaining to the employees for information and collect votes of the employees on the agreed issues. Based on these regulations, the author selects the elements of the process that have not been mentioned in the other groups of factors, namely (i) notification of the issues for collective bargaining; (ii) Organize a collective bargaining meeting at the time and place agreed by the two parties; (iii) to sign the minutes of the meeting on the agreed contents; (iv) disseminating the bargaining results widely and publicly.

**H6:** The process of organizing collective bargaining affects the income of employees in the enterprise.

**3. Research Methodology**

**3.1. Research Model**

Inheriting the results of previous studies, we have designed a research model as shown in Figure 1.

Dependent variable: The variable that depends on other factors that are measured. These variables are expected to change as a result of experimental manipulation of the independent variable or variables The income of employees in enterprises (TN) including three (3) attributes: salary, bonus, and welfare.

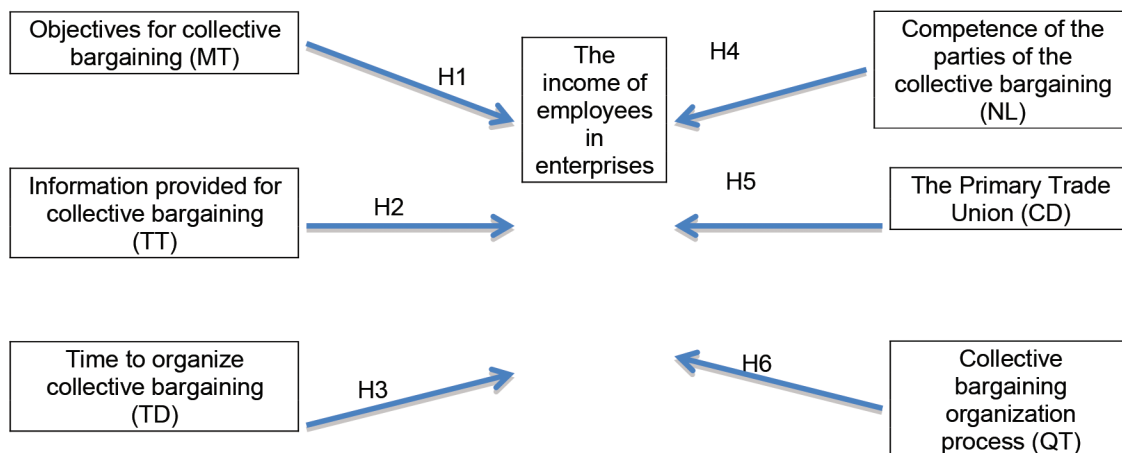


Figure 1: Research Model

Independent variables: The independent variable is the cause. Its value is independent of other variables in your study. The dependent variable is the effect. Its value depends on changes in the independent variable. The independent attributes are inherited by previous studies and adjusted appropriately to better suit the research context and space. The independent variables are described in Table 1:

### 3.2. Research Methods and Sample

Mixed methods research is a methodology for conducting research that involves collecting, analyzing, and integrating quantitative (e.g., experiments, surveys) and qualitative (e.g., focus groups, interviews) research. The author employs qualitative research methods combined

**Table 1:** Determinants and Its Coding

| Code   | Scale   | Sources   |
|--|---|---|
| <b>Objectives for Collective Bargaining (MT)</b>                   |   |   |
| MT1  | Win-Win position  | Tracy (2016); Atkin and Rinehart (2006);  |
| MT2  | Achieving the key goal  | Tracy (2016); Atkin and Rinehart (2006);  |
| MT3  | The employees obtain a higher benefits than that regulated by the law                               | Vietnam General Confederation of Labour – VGCL (2014)                                 |
| <b>Information Provided for Collective Bargaining (TT)</b>         |   |   |
| TT1  | Business and Production situation: firm performance, statistic data of productivity                 | Bacharach and Lawler (1981); National Assembly (2012, 2019); Leap and Grigsby (1986), |
| TT2  | The growth speed of the industry  | Nguyen (2011)   |
| TT3  | Labor market information  | Bacharach and Lawler (1981), Leap and Grigsby (1986),                                 |
| TT4  | Changes in law  | Nguyen (2011)   |
| <b>Time to Organize Collective Bargaining (TD)</b>                 |   |   |
| TD1  | The time of organizing a negotiation  | Sanibel (2009), Ha (2010), Tracy (2016)   |
| TD2  | The time production activities in high season   | The author proposed   |
| TD3  | At the end of the Lunar year, the beginning of the following Solar year                             | The author proposed   |
| <b>Competence of the Parties of the Collective Bargaining (NL)</b> |   |   |
| NL1  | Professional qualifications   | Sanibel (2009), Tracy (2016), Cohen (2018), Vu (2019)                                 |
| NL2  | Working experiences   | Sanibel (2009), Tracy (2016), Cohen (2018), Vu (2019)                                 |
| NL3  | Negotiation skill   | Sanibel (2009), Tracy (2016), Cohen (2018)  |
| NL4  | Communication skill   | Sanibel (2009), Tracy (2016), Cohen (2018)  |
| <b>The Primary Trade Union (CD)</b>                                |   |   |
| CD1  | Representative of Trade Union   | Kuruvilla and Turner (1993), Vu (2019), Do (2020a)                                    |
| CD2  | Independence of Trade Union   | Vu (2019), Do (2020a)   |
| CD3  | The power of the Trade Union  | Bacharach and Lawler (1981), Kuruvilla and Turner (1993), Vu (2019)                   |
| <b>Collective Bargaining Organization Process (QT)</b>             |   |   |
| QT1  | Notifications of collective bargaining issues   | Hoang (2011), National Assembly (2012, 2019), Nguyen (2018)                           |
| QT2  | Organization of a meeting for collective bargaining at the time and venue agreed by the two parties | Hoang (2011), National Assembly (2012, 2019), Nguyen (2018)                           |
| QT3  | Signing the minutes of the meeting on the agreed issues   | Hoang (2011), National Assembly (2012, 2019), Nguyen (2018)                           |
| QT4  | Disseminating the bargaining results widely and publicly  | Hoang (2011), National Assembly (2012, 2019), Nguyen (2018)                           |

with quantitative research methods in this study. The author collects both secondary data and primary data for research purposes. Primary data was collected by questionnaires and using SPSS 20.0 software to analyze along with the implementation of descriptive statistics, Cronbach's Alpha analysis, exploratory factor analysis - EFA, and regression analysis.

The author selected 95 enterprises in three typical fields: industry, construction, textile, and garment; specifically focused on the industry and construction sector. Each sector consisted of 30 enterprises, and there are 35 enterprises in the textile and garment sector. Out of the 95 enterprises, there are 12 foreign direct investment enterprises, 10 state-owned enterprises, and 73 private enterprises.

In terms of sample size in quantitative research, based on Hair et al. (1998) for exploratory factor analysis EFA, the minimum sample size must be 5 times the total number of indicators of the scales. In the survey questionnaire of this study, 24 indicators were used in the factor analysis. Therefore, the minimum sample size required is  $24 * 5 = 120$  observations. For multivariate regression analysis, according to et al. (2006), the minimum sample size is calculated by the formula:  $50 + 8 * m$  (m is the number of independent variables). In this study, since there are 6 independent variables, the minimum sample size is:  $50 + 8 * 6 = 98$  observations.

In conclusion, according to the survey sample size standards, to achieve the research objectives, the minimum sample size for this study is 120 observations. Therefore, in this study, 285 surveys were issued to 95 enterprises, each of which examined 3 positions: (i) Employer or leading staff, (ii) Representative of employees (Trade union officials who are the union leader or above), (iii) Employees who are functional staff or production, team workers. The number of votes collected is 255 responses, with 255/285 qualified votes, and can be used for the analysis (reaching 89.47%). This is a reasonable rate and ensures the representativeness of the sample size.

## 4. Results

### 4.1. Descriptive Statistics

Information on data collected is shown in Table 2. It shows that, out of the 255 respondents, 87 (34.1%) are employers/leaders, 78 (30.6%) are trade union officers from the union leader upwards, 90 (35.3%) are Officer/Production worker. Of these, 17 (30.6%) respondents worked in industrial enterprises, 72 (28.2%) respondents working in construction enterprises, and 41.2% participants working in textile enterprises.

### 4.2. Results of Quality Scale Analysis (Cronbach's Alpha)

Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. Using scale analysis, we can eliminate inconsistent variables and reduce errors in the research model. Therefore, only variables, which have total correlation coefficients (Corrected Item – Total Correlation) greater than 0.3 and Cronbach's Alpha coefficients equal or greater than 0.6 are accepted (Hair et al., 2009; Hoang & Chu, 2008). Analyzing Cronbach's Alpha analysis of determinants has shown their impact of the collective bargaining on the income of employees in enterprises (six determinants with 21 observed variables) and the result is presented in Table 3. The result shows that all Cronbach's Alpha coefficients of the population are above 0.6; all Corrected Item – Total Correlation of observed variables are above 0.3. So, all variables of the research model are suitable for the next analyses (Hair et al., 2006).

### 4.3. Exploratory Factor Analysis (EFA)

EFA was conducted and we used the method of extracting coefficients. The results of Component Analysis and

**Table 2:** Respondents by Location and Field of Enterprises

|                |  | Frequency | Percent |
|----------------|--|-----------|---------|
| Job position   | Employers/leaders                                  | 87        | 34.1    |
|                | Trade union officers from the union leader upwards | 78        | 30.6    |
|                | Officer/Production worker                          | 90        | 35.3    |
| Business areas | Industry   | 78        | 30.6    |
|                | Construction                                       | 72        | 28.2    |
|                | Textile  | 105       | 41.2    |
| Total          |  | 255       | 100     |

**Table 3:** Results of Determinants Scales in the Model

|   | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|----------------------------|--------------------------------|----------------------------------|----------------------------------|
| <b>Objectives for Collective Bargaining (MT): Cronbach's Alpha: = 0.838</b>                                       |                            |                                |                                  |                                  |
| MT1   | 5.7922                     | 5.213                          | 0.799                            | 0.675                            |
| MT2   | 5.6510                     | 6.267                          | 0.630                            | 0.842                            |
| MT3   | 5.9608                     | 5.888                          | 0.681                            | 0.795                            |
| <b>Information Provided for Collective Bargaining (TT): Cronbach's Alpha: <math>\alpha = 0.768</math></b>         |                            |                                |                                  |                                  |
| TT1   | 11.4745                    | 4.282                          | 0.539                            | 0.729                            |
| TT2   | 11.4667                    | 4.148                          | 0.579                            | 0.708                            |
| TT3   | 11.4549                    | 3.745                          | 0.589                            | 0.706                            |
| TT4   | 11.2275                    | 4.428                          | 0.582                            | 0.710                            |
| <b>Time to Organize Collective Bargaining (TD): Cronbach's Alpha: <math>\alpha = 0.820</math></b>                 |                            |                                |                                  |                                  |
| TD1   | 7.1059                     | 3.260                          | 0.662                            | 0.766                            |
| TD2   | 7.1608                     | 2.883                          | 0.679                            | 0.746                            |
| TD3   | 7.2549                     | 2.821                          | 0.684                            | 0.741                            |
| <b>Competence of the Parties of the Collective Bargaining (NL): Cronbach's Alpha: <math>\alpha = 0.839</math></b> |                            |                                |                                  |                                  |
| NL1   | 11.6980                    | 4.385                          | 0.717                            | 0.777                            |
| NL2   | 11.5804                    | 4.678                          | 0.665                            | 0.800                            |
| NL3   | 11.5451                    | 4.462                          | 0.679                            | 0.794                            |
| NL4   | 11.5529                    | 4.705                          | 0.630                            | 0.815                            |
| <b>The Primary Trade Union (CD): Cronbach's Alpha: <math>\alpha = 0.814</math></b>                                |                            |                                |                                  |                                  |
| CD1   | 7.4667                     | 2.321                          | 0.734                            | 0.671                            |
| CD2   | 7.4745                     | 2.597                          | 0.704                            | 0.706                            |
| CD3   | 7.4980                     | 2.928                          | 0.568                            | 0.839                            |
| <b>Collective Bargaining Organization Process (QT): Cronbach's Alpha: <math>\alpha = 0.849</math></b>             |                            |                                |                                  |                                  |
| QT1   | 10.4863                    | 6.755                          | 0.598                            | 0.843                            |
| QT2   | 10.5529                    | 5.516                          | 0.715                            | 0.797                            |
| QT3   | 10.5412                    | 5.816                          | 0.726                            | 0.791                            |
| QT4   | 10.5255                    | 5.983                          | 0.718                            | 0.795                            |

Varimax, Analyzes yield 21 attributes for the independent variables. The results of factor analysis in Table 4 show that  $0.5 < KMO = 0.899 < 1$ . Bartlett's testimony shows sig. =  $0.000 < 0.05$ . It means variables in the whole are interrelated (Hair et al., 2009; Hoang & Chu, 2008).

After implementing the rotation matrix, six determinants have factor loading greater than 0.5 and Eigenvalues greater than 1; the variance explained is 61.945%, which demonstrates that research data analyzing factor discovery is appropriate (Hair et al., 2009; Hoang & Chu, 2008). Through the quality assurance of the scale and the test of

the EFA model, we have identified six determinants of the impact of collective bargaining on the income of employees in enterprises.

#### 4.4. Regression Model Analysis

Based on the adjusted model after the exploratory factor analysis, we have the following multiple regression model:

$$TN = \alpha + \beta_1 MT + \beta_2 TT + \beta_3 TD + \beta_4 NL + \beta_5 CD + \beta_6 QT$$



After draft regression, factor the Primary Trade Union is eliminated because of Sig. = 0.325 > 0.05.

New research model including five determinants with 18 observed variables:

Results of Table 5, 6, 7 show the following:

**Multicollinearity testing:** Multicollinearity refers to a situation in which more than two explanatory variables in a multiple regression model are highly linearly related.

Multicollinearity reduces the precision of the estimate coefficients, which weakens the statistical power of the regression model. A variance inflation factor (VIF) detects multicollinearity in regression analysis. All variance inflation factors (VIF) of independent variables are under 2, so the multicollinearity of the model is low (Hair et al., 2009; Hoang & Chu, 2008). Therefore, this regression model does not have any violation of the CLRM basic assumption. Durbin-Watson statistic, which is used to test the autocorrelation of residuals presents the model does not violate when using multiple regression method because Durbin-Watson value is 1.698 (in the interval of 1 and 3). In other words, the model indicated no autocorrelation of residuals (Hair et al., 2009; Hoang & Chu, 2008).

**ANOVA testing result:** level of significant (Sig.) = 0.000 implies that multiple regression model is suitable with data. Coefficient of  $R^2$  ( $R$  Square) = 0.547, which means 54.7% of the total variation in the income of

**Table 4:** KMO and Bartlett's Test

|   |                    |          |
|---|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy |                    | 0.899    |
| Bartlett's Test of Sphericity                   | Approx. Chi-Square | 2152.576 |
|   | df                 | 120      |
|   | Sig.               | 0.000    |

**Table 5:** Model Summary<sup>b</sup>

| Model | R                  | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|--------------------|----------|-------------------|----------------------------|---------------|
| 1     | 0.740 <sup>a</sup> | 0.547    | 0.538             | 0.71824                    | 1.698         |

<sup>a</sup>Predictors: (Constant): MT, TT, TD, NL, QT.

<sup>b</sup>Dependent Variable: TN.

**Table 6:** Anova<sup>a</sup>

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.               |
|-------|------------|----------------|-----|-------------|--------|--------------------|
| 1     | Regression | 155.219        | 5   | 31.044      | 60.178 | 0.000 <sup>b</sup> |
|       | Residual   | 128.451        | 249 | 0.516       |        |                    |
|       | Total      | 283.671        | 254 |             |        |                    |

<sup>a</sup>Dependent Variable: TN.

<sup>b</sup>Predictors: (Constant), MT, TT, TD, NL, QT.

**Table 7:** Coefficients<sup>a</sup>

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig.  | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|-------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |        |       | Tolerance               | VIF   |
| 1     | (Constant) | 0.022                       | 0.276      |                           | 0.081  | 0.935 |                         |       |
|       | MT         | 0.187                       | 0.073      | 0.137                     | 2.577  | 0.011 | 0.647                   | 1.546 |
|       | TT         | -0.190                      | 0.054      | -0.172                    | -3.537 | 0.000 | 0.768                   | 1.301 |
|       | TD         | 0.580                       | 0.055      | 0.539                     | 10.546 | 0.000 | 0.695                   | 1.438 |
|       | NL         | 0.136                       | 0.067      | 0.110                     | 2.035  | 0.043 | 0.622                   | 1.609 |
|       | QT         | 0.265                       | 0.050      | 0.245                     | 5.344  | 0.000 | 0.868                   | 1.152 |

<sup>a</sup>Dependent Variable: TN.

employees in enterprises will be explained by the regression model (Hair et al., 2009; Hoang & Chu, 2008).

The research model result indicates that all independent variables; namely objectives for collective bargaining (MT), the information provided for collective bargaining (TT), time to organize collective bargaining (TD), the competence of the parties of the collective bargaining (NL) and collective bargaining organization process (QT) are significant (because Sig. < 0.05) to the income of employees in enterprises (Hair et al., 2009; Hoang & Chu, 2008). Determinants that have influences on the income of employees in enterprises are presented in the following standardized regression model:

$$TN = 0.137MT - 0.172TT + 0.539TD + 0.11NL + 0.245QT$$

Thus, five hypotheses (H1, H2, H3, H4 and H6) are accepted. Hypothesis H5 is rejected.

According to the regression analysis model, the factors: Objective for collective bargaining, time to organize collective bargaining, the competence of the parties of the collective bargaining, collective bargaining organization process are positively correlated with the income of workers in enterprises. Particularly, the factor “information provided for collective bargaining” has a negative correlation with the income of employees in enterprises. The larger the regression coefficient of the factors, the stronger the impact on income. With the above results, the factor “time to organize collective bargaining” has the strongest impact on the results of the bargaining on the employees’ income in enterprises with the impact coefficient of 0.539; followed by the factor “collective bargaining organization process” which has an impact coefficient of 0.245; The factor “objective for collective bargaining” has an impact coefficient of 0.137 and “competence of the parties of the collective bargaining” has an impact coefficient of 0.11. And the factor “information provided for collective bargaining” has a negative coefficient of 0.172, which means the negative impact on the employee’s income in enterprises: information provided for collective bargaining increases by one unit leading to a 17.2% reduction in the impact of the employee’s income in enterprises. The time of the investigation is during the Covid19 epidemic - break period, therefore, the results may be affected by the epidemic.

## 5. Discussion and Implications

Collective bargaining is a process of negotiation between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers’ compensation and rights for workers. In the scope of this article, the author only mentions the impact of collective bargaining on the

employee’s income, which is the salary, bonus, and welfare benefits that employees are entitled to. Collective bargaining is determined by the two parties, so studying the effects of elements of collective bargaining consists of goals for collective bargaining, the information provided for collective bargaining, time for the collective bargaining organization, the capacity of the parties to participate in the collective bargaining and the process of organizing collective bargaining all have an impact on the employees’ income in enterprises. The separation of the basic trade union factor (with 3 indicators) for inclusion in the model has no impact on the income of workers in enterprises as it is also a side of collective bargaining, which is similar to the fact that the employer must not be separated for inclusion in the model. The elements of collective bargaining are included in the model and all affect the employees’ income.

Regarding the goal of collective bargaining, the two sides, the employee and the employer should understand each other to identify and reconcile the interests and the rights of both sides, which are always linked. When a party’s interests are affected, they will have claims related to their rights. Employers should create a comfortable, friendly working environment, without separation between the employer and the boss, and create a healthy labor relationship in enterprises. Bargaining in good faith aims at reaching mutually acceptable collective agreements. Where agreement is not reached, dispute settlement procedures ranging from conciliation through mediation to arbitration may be used.

Regarding information provided for collective bargaining, the clearer and more transparent information of enterprises is provided to employees, the clearer they will know about the enterprise’s production and business situation in terms of revenue, profits, labor productivity, etc. If these factors increase, the employers themselves increase salary, bonuses, and welfare regimes for employees. On the contrary, if the enterprise has difficulties, the employees are also willing to share that difficulty with the enterprise, and they do not ask for an increase in salary, bonus, and benefits, and employees voluntarily take turns to have unpaid leave as well. Besides, information on the growth and development of the industry, information on the labor market including wages, labor supply, and demand in the market also affect the income of workers.

Time to organize collective bargaining: This is the factor with the strongest impact on the increasing income of employees. In fact, in Vietnam, collective bargaining sessions usually take place at the end of the year or, at the beginning of the next calendar year, associated with the implementation of the democratic regulations in accordance with the law. Besides, when there is a grievance, employees often choose the time of busy production or business or when they need to execute orders urgently to make their

claims since it is often easy to achieve the goal of increasing incomes. To avoid causing damage to both the employer and the employee because of stopping the collective work or the strike, the employer should actively provide full information of enterprises and take initiative in organizing collective bargaining to avoid unfavorable factors for both sides, especially the situation where the employer is cornered by the employees when the production and business activities are at peak time.

The capacity of the parties to participate in the collective bargaining: Professional qualifications, work experience, negotiation skills, and communication skills all affect increasing the income of workers when collective bargaining occurs. Therefore, to protect the interests of employees, the trade union must choose a representative for the employees who must have professional qualifications and work experience and must be a reputable person in the enterprise. At the same time, trade union participants need to be trained and fostered in negotiation skills, communication skills so that they together with the employer conduct collective bargaining sessions to ensure benefits of both sides.

The process of organizing collective bargaining: The current regulations on the collective bargaining process are still rigid, inflexible, and the provisions are more favorable for the representatives of employees, not consistent with the regulations in ILO Convention 98 on collective bargaining (“a joint decision-making process that builds trust and mutual respect among parties and improves the quality of industrial relations”). Therefore, the law should specify the principles of collective bargaining in enterprises; rights, responsibilities, and obligations of the parties participating in the collective bargaining in the enterprise; the process of collective bargaining in enterprises should not be rigidly defined, but only provocative for the parties to decide voluntarily.

## References

- Atkin, T. S., and Rinehart, L. M. (2006). The effect of negotiation practices on the relationship between suppliers and customers. *Negotiation Journal*, 22(1), 47–65. <https://doi.org/10.1111/j.1571-9979.2006.00085>
- Bacharach, S. B. & Lawler, E. J. (1981). Power and tactics in bargaining [Electronic version]. *Industrial and Labor Relations Review*, 34(2), 219–233. <https://core.ac.uk/download/pdf/144982153.pdf>
- Cohen, H. (2018). *You can negotiate anything*. New York: John Wiley & Sons.
- Do, H. T. H., Mai, N. C., Nguyen, N. A., Pham, N. D., Le, T. N., Tran, H. T. T., Tran, M. D., & Vu, T. T. (2020). Impact of vocational training on wages of ethnic minority labors in Vietnam. *The Journal of Asian Finance, Economics, and Business*, 7(6), 551–560. <https://doi.org/10.13106/jafeb.2020.vol7.no6.551>
- Do, T. T. (2020a). The role of grassroots trade unions in wages of workers in manufacturing and processing enterprises in Hanoi. *Journal of Vietnam Economic Review*, 1(2020), 34–39. <https://doi.org/10.123641.jver.1.34>
- Do, T. T. (2020b). Critical factors affecting the salaries of employees of manufacturing enterprises in Vietnam. *The Journal of Asian Finance, Economic,s, and Business*, 7(6), 485–494. <https://doi.org/10.13106/jafeb.2020.vol7.no6.485>
- Dohmen, T. J. (2004). Performance, seniority, and wages: Formal salary, systems, and individual earnings profile. *Labour Economics*, 11(6), 741–763. <https://doi.org/10.174123.321.48594>
- Freeman, R. B., and Kleiner, M. M. (2000). Who benefits most from employee involvement: Firms or workers? *American Economic Review*, 90(2), 219–223. <https://doi.org/10.1257/aer.90.2.219>
- Ha, N. K. G. (2010). *Business communication*. Hanoi, Vietnam: Social Publishing House.
- Hair, J. F., Joseph, F., Anderson, R. E., Tatham, R. L., & Black, W. C. (1998). *Multivariate data analysis* (5<sup>th</sup> ed.). Upper Saddle River, NJ: Prentice-Hall.
- Hair, J. F., Black, W.C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2006). *Multivariate data analysis* (6<sup>th</sup> ed.). Upper Saddle River, NJ: Pearson Prentice Hall.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2009). *Multivariate Data Analysis* (7<sup>th</sup> ed.). Upper Saddle River, NJ: Prentice-Hall International.
- Hoang, T., & Chu, N. M. N (2008). *Analysis of research data with SPSS*. Hanoi, Vietnam: Hong Duc Publishing House.
- Hoang, T. M. (2011). *Collective labor agreement: Comparative study between Vietnamese and Thuy Dien labor law* [Doctoral Thesis, Hanoi Law University]. <https://hlu.edu.vn/>
- International Labour Office (ILO). (1981). *Convention No. 154: Collective bargaining*. Geneva: Switzerland.
- Kuruvilla, H. C. K. S., & Turner, L. (1993). Trade unions and collective bargaining, education and social policy department. Washington DC: The World Bank.
- Leap, T. L., & Grigsby, D. W. (1986). A conceptualization of collective bargaining power. *ILR Review*, 39(2), 13–22. <https://doi.org/10.1177/001979398603900203>
- National Assembly. (2012). Article 66, 90, 103 of the Labor Law No. 10/2012/QH13, June 18, 2012. [https://www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=91650](https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=91650)
- National Assembly. (2019). Article 104 of the Labor Law No. 45/2019/QH14, November 20, 2014.
- Nguyen, D. H., Ha, S. T., Tran, M. L., Nguyen, D. T., Nguyen, T. X. H., Nguyen, D. L., & Do, D. T. (2020). Determinants of accountants’ loyalty underlying investment management: Evidence from FDI firms in Thang Long Industrial Park. *Journal of Asian Finance, Economics, and Business*, 7(4), 287–297. <https://doi.org/10.13106/jafeb.2020.vol7.no4.287>

- Nguyen, D. P. (2011). *Establish and promote healthy industrial relations at small and medium enterprises in Hanoi*. [Doctoral Thesis, National Economics University]. <https://neu.edu.vn/>
- Nguyen, T., & Le, T. H. (2010). *Salary & wages*. Hanoi: Social Publishing House. [Vietnamese]
- Nguyen, T. B. (2018). *Adjusting the law for collective bargaining in enterprises in Vietnam*. [Doctoral Thesis, Ho Chi Minh City University of Law]. <https://www.hcmulaw.edu.vn/>
- Oumarou, M., & Tomei, M. (2017). *Collective bargaining: Policy guide*. Geneva, Switzerland: International Labour Office.
- Pham, N. T. (2015). *Study on labor relations in joint-stock companies in Hanoi city* [Doctoral Thesis, ThuongMai University]. <https://tmu.edu.vn/>
- Pham, T. L. (2019). *New ILO industrial relations framework project on collective bargaining in Vietnam*. Geneva, Switzerland: International Labour Office.
- Sanibel, M. (2009). *The art of negotiating: A practical guide to getting what you want, when you want it, and at the price you want*. <https://www.entrepreneur.com/article/203168>
- Tracy, B. (2016). *Negotiation*. New York: John Wiley & Soney.
- Tran, X. C. (2012). *Human resource economics*. Vietnam: National Economics University Publisher.
- Vietnam General Confederation of Labour (VGCL). (2014). *Guiding the assessment of the quality of collective bargaining, signing and implementing the collective labor agreement of the grassroots trade union: Direction No. 1580 / HD-TLĐ, October 21, 2014*. <https://www.loc.gov/item/lcwaN0006131/>
- Vu, T. B. N. (2019). *Factors affecting collective bargaining in garment enterprises*. <https://cuocsongantoan.vn/nhung-yeu-to-anh-huong-den-thuong-luong-tap-the-trong-doanh-nghiep-may-23780.html> [Vietnamese]
- Zingheim, P. K., & Schuster, J. R. (2007). *High-performance pay: Fast forward to business success*. Arizona, USA: World at Work.

## Appendix 1

- Type A:** Score from 80 points or more, of which content 7 (Salary, bonus, allowance, salary increase;) and 11 (Other contents that the union needs to consider (mid-shift meals, vacation trips, allowance for difficulties, filial piety, support for kindergartens, creating conditions for employees to improve their cultural and spiritual life...) of the criterion frame must not be lower than 70% of the standard score;
- Type B:** Score from 65 to less than 80 points, in which content 7 and 11 of the criteria frame must not be lower than 50% of the standard score;
- Type C:** Score from 50 to less than 65 points;
- Type D:** Score less than 50 points (source: Direction No. 1580 / HD-TLĐ dated October 21, 2014, of the Vietnam General Confederation of Labor).