

Collective Bargaining and Labor Relations

What Do I Need to Know?

After reading this chapter, you should be able to:

- L01 Define unions and labor relations and their role in organizations.
- L02 Identify the labor relations goals of management, labor unions, and society.
- L03 Summarize laws and regulations that affect labor relations.
- L04 Describe the union organizing process.
- L05 Explain how management and unions negotiate contracts.
- L06 Summarize the practice of contract administration.
- L07 Describe more cooperative approaches to labor-management relations.

Introduction

The costs of health care are skyrocketing. As we discussed in the previous chapter, individuals, insurance companies, and government agencies that pick up the tab are crying out that mounting increases must be slowed. So health care providers are looking for ways to improve efficiency. At many hospitals, cost control involves asking fewer workers to do more. Nurses and other workers are expected to handle more patients, perform more tasks, and work more hours. Often, health professionals are troubled by these changes. They worry that they will burn out and that patient care will suffer. Or they worry that their employer will control costs by laying them off or refusing pay increases. These changes and pressures have led some health care workers to join labor unions. Recently, union membership among professional and technical health care workers, such as regis-

tered nurses and laboratory technologists, increased by more than 10 percent.¹

The presence of unions at a hospital changes some aspects of human resource management by directing more attention to the interests of employees as a group. In general, employees and employers share the same interests. They both benefit when the organization is strong and growing, providing employees with jobs and employers with profits. But although the interests of employers and employees overlap, they obviously are not identical. In the case of pay, workers benefit from higher pay, but high pay cuts into the organization's profits, unless pay increases are associated with higher productivity or better customer service. Workers may negotiate differences with their employers individually, or they may form unions to negotiate on their behalf. This chapter explores human resource activities in organizations where employees belong to unions or where employees are seeking to organize unions.

We begin by formally defining unions and labor relations, and then describe the scope and impact of union activity. We next summarize government laws and regulations affecting unions and labor relations. The following three sections detail types of activities involving unions: union organizing, contract negotiation, and contract administration. Finally, we identify ways in which unions and management are working together in arrangements that are more cooperative than the traditional labor-management relationship.

Role of Unions and Labor Relations

In the United States today, most workers act as individuals to select jobs that are acceptable to them and to negotiate pay, benefits, flexible hours, and other work conditions. Especially when there is stiff competition for labor and employees have hard-to-replace skills, this arrangement produces satisfactory results for most employees. At times, however, workers have believed their needs and interests do not receive enough consideration from management. One response by workers is to act collectively by forming and joining labor **unions**, organizations formed for the purpose of representing their members' interests and resolving conflicts with employers.

Unions have a role because some degree of conflict is inevitable between workers and management.² As we commented earlier, for example, managers can increase profits by lowering workers' pay, but workers benefit in the short term if lower profits result because their pay is higher. Still, this type of conflict is more complex than a simple trade-off, such as wages versus profits. Rising profits can help employees by driving up profit sharing or other benefits, and falling profits can result in layoffs and a lack of investment. Although employers can use programs like profit sharing to help align employee interests with their own, some remaining divergence of interests is inevitable. Labor unions represent worker interests and the collective bargaining process provides a way to manage the conflict. In other words, through systems for hearing complaints and negotiating labor contracts, unions and managers resolve conflicts between employers and employees.

As unionization of workers became more common, universities developed training in how to manage union-management interactions. This specialty, called **labor relations**, emphasizes skills that managers and union leaders can use to foster effective labor-management cooperation, minimize costly forms of conflict (such as strikes), and seek win-win solutions to disagreements. Labor relations involves three levels of decisions:³

1. *Labor relations strategy*—For management, the decision involves whether the organization will work with unions or develop (or maintain) nonunion operations. This decision is influenced by outside forces such as public opinion and competition. For unions, the decision involves whether to fight changes in how unions relate to the organization or accept new kinds of labor-management relationships.
2. *Negotiating contracts*—As we will describe later in the chapter, contract negotiations in a union setting involve decisions about pay structure, job security, work rules, workplace safety, and many other issues. These decisions affect workers' and the employer's situation for the term of the contract.
3. *Administering contracts*—These decisions involve day-to-day activities in which union members and the organization's managers may have disagreements. Issues include complaints of work rules being violated or workers being treated unfairly in particular situations. A formal grievance procedure is typically used to resolve these issues.

L01 Define unions and labor relations and their role in organizations.

Unions

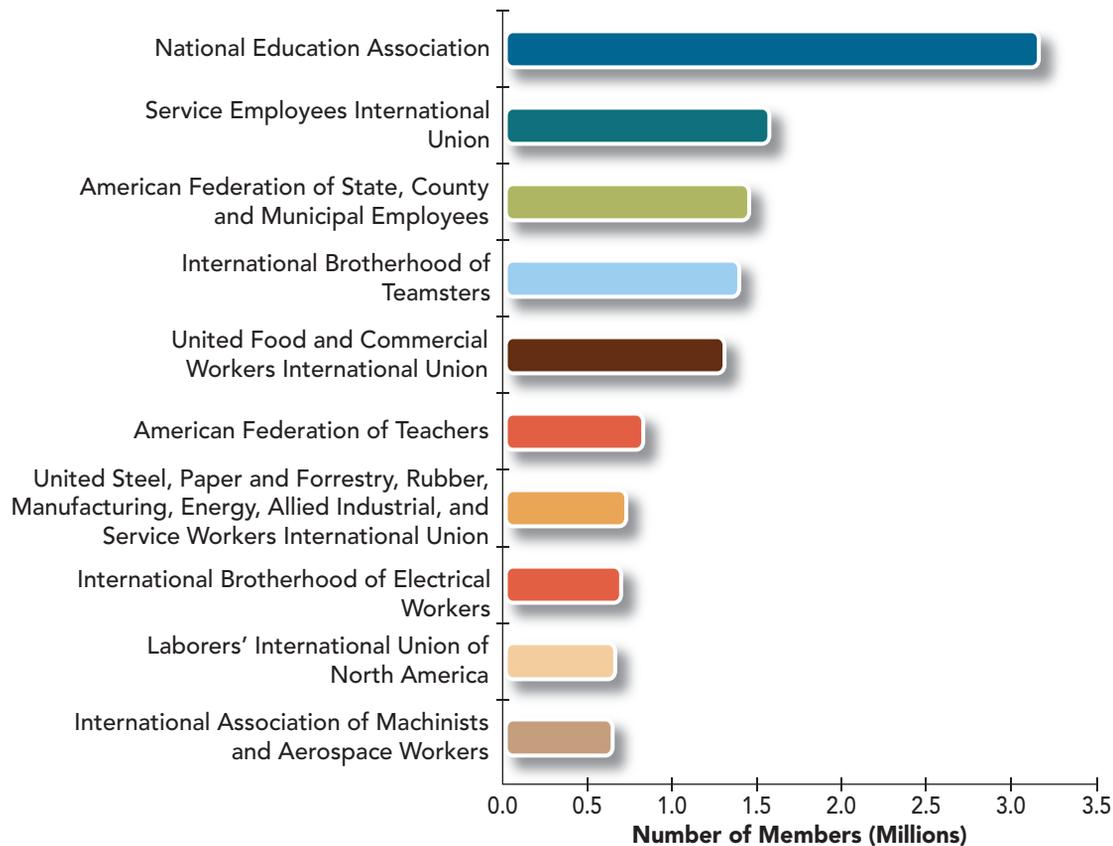
Organizations formed for the purpose of representing their members' interests in dealing with employers.

Labor Relations

Field that emphasizes skills that managers and union leaders can use to minimize costly forms of conflict (such as strikes) and seek win-win solutions to disagreements.

Figure 14.1

10 Largest Unions in the United States



SOURCE: C. D. Gifford, *Directory of U.S. Labor Organizations* (Washington, DC: Bureau of National Affairs, 2008).

Later sections in this chapter describe how managers and unions carry out the activities connected with these levels of decisions, as well as the goals and legal constraints affecting these activities.

National and International Unions

Most union members belong to a national or international union. Figure 14.1 shows the membership of the 10 largest national unions in the United States. Half of these have memberships of over a million workers.

Craft Union

Labor union whose members all have a particular skill or occupation.

These unions may be either craft or industrial unions. The members of a **craft union** all have a particular skill or occupation. Examples include the International Brotherhood of Electrical Workers for electricians and the United Brotherhood of Carpenters and Joiners of America for carpenters. Craft unions are often responsible for training their members through apprenticeships and for supplying craft workers to employers. For example, an employer would send requests for carpenters to the union hiring hall, which would decide which carpenters to send out. In this way, craft workers may work for many employers over time but have a constant link to the union. A craft union's bargaining power depends greatly on its control over the supply of its workers.

In contrast, **industrial unions** consist of members who are linked by their work in a particular industry. Examples include the United Steelworkers of America and the Communication Workers of America. Typically, an industrial union represents many different occupations. Membership in the union is the result of working for a particular employer in the industry. Changing employers is less common than it is among craft workers, and employees who change employers remain members of the same union only if they happen to move to other employers covered by that union. Another difference is that whereas a craft union may restrict the number of skilled craftsmen—say, carpenters—to maintain higher wages, industrial unions try to organize as many employees in as wide a range of skills as possible.

Most national unions are affiliated with the **American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)**. The AFL-CIO is not a labor union but an association that seeks to advance the shared interests of its member unions at the national level, much as the Chamber of Commerce and the National Association of Manufacturers do for their member employers. Approximately 55 national and international unions are affiliated with the AFL-CIO. An important responsibility of the AFL-CIO is to represent labor's interests in public policy issues such as labor law, economic policy, and occupational safety and health. The organization also provides information and analysis that member unions can use in their activities. In 2005, several unions broke away from the AFL-CIO to form an alliance called Change to Win. This group includes seven unions representing a membership of 5 to 6 million workers. Since the split, both groups have increased national unions' focus on strategy and organizing.⁴

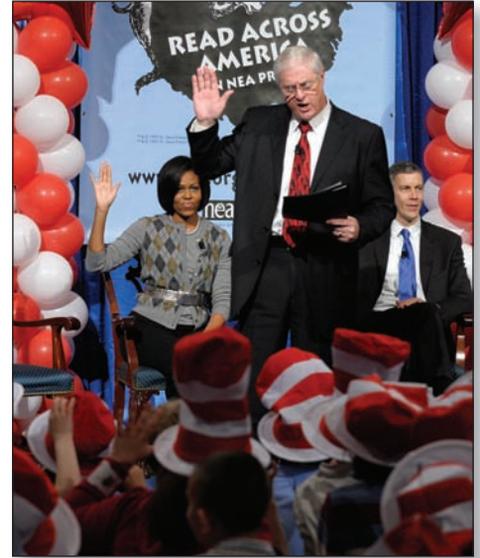
Local Unions

Most national unions consist of multiple local units. Even when a national union plays the most critical role in negotiating the terms of a collective bargaining contract, negotiation occurs at the local level for work rules and other issues that are locally determined. In addition, administration of the contract largely takes place at the local union level. As a result, most day-to-day interaction between labor and management involves the local union.

Membership in the local union depends on the type of union. For an industrial union, the local may correspond to a single large facility or to a number of small facilities. In a craft union, the local may cover a city or a region.

Typically, the local union elects officers, such as president, vice president, and treasurer. The officers may be responsible for contract negotiation, or the local may form a bargaining committee for that purpose. When the union is engaged in bargaining, the national union provides help, including background data about other settlements, technical advice, and the leadership of a representative from the national office.

Individual members participate in local unions in various ways. At meetings of the local union, they elect officials and vote on resolutions to strike. Most of workers' contact is with the **union steward**, an employee elected by union members to represent them in ensuring that the terms of the contract are enforced. The union steward helps to investigate complaints and represents employees to supervisors and



Dennis Van Roekel is president of the National Education Association, the nation's largest labor union with 3.2 million members.

Industrial Union

Labor union whose members are linked by their work in a particular industry.

American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

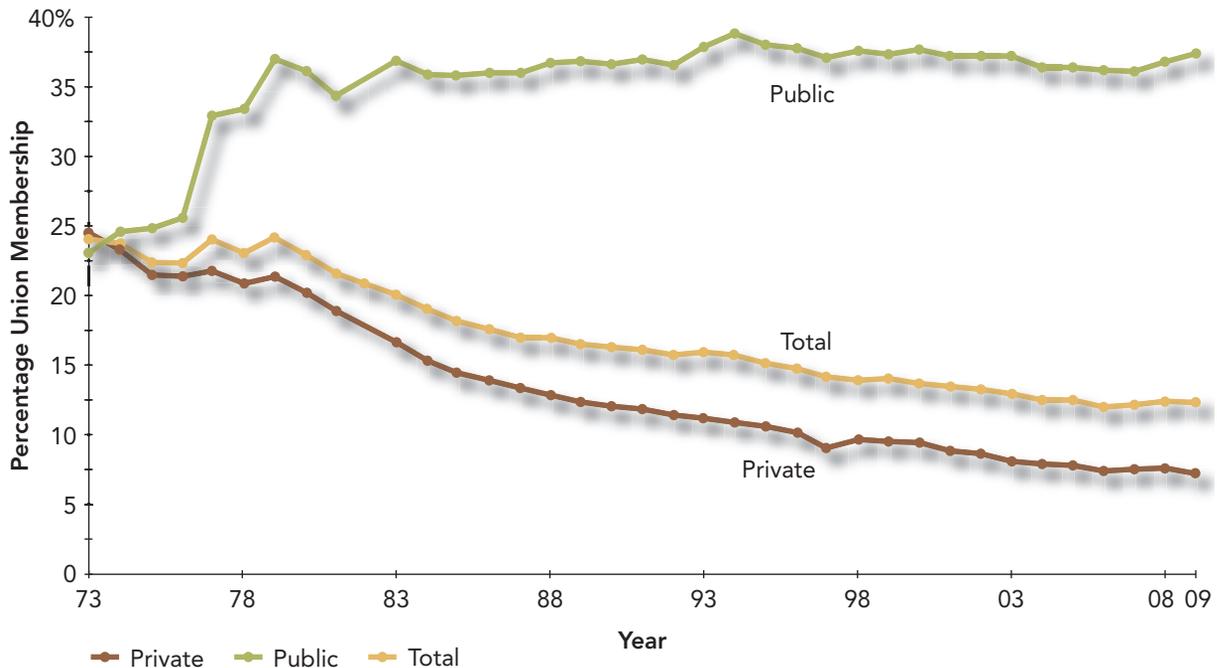
An association that seeks to advance the shared interests of its member unions at the national level.

Union Steward

An employee elected by union members to represent them in ensuring that the terms of the labor contract are enforced.

Figure 14.2

Union Membership Density among U.S. Wage and Salary Workers, 1973–2009



^a Percentage of total, private-sector, and public-sector wage and salary workers who are union members. Beginning in 1977, workers belonging to “an employee association similar to a union” are included as members.

SOURCE: Data for 1973–2001 from B. T. Hirsch and D. A. MacPherson, *Union Membership and Earnings Data Book 2001* (Washington, DC: Bureau of National Affairs, 2002), using data from U.S. Current Population Surveys. Data for 2002 through 2009 from Bureau of Labor Statistics, “Union Affiliation Data from the Current Population Survey,” <http://data.bls.gov>, accessed May 3, 2010.

other managers when employees file grievances alleging contract violations.⁵ When the union deals with several employers, as in the case of a craft union, a *business representative* performs some of the same functions as a union steward. Because of union stewards’ and business representatives’ close involvement with employees, it is to management’s advantage to cultivate positive working relationships with them.

Trends in Union Membership

Union membership in the United States peaked in the 1950s, reaching over one-third of employees. Since then, the share of employees who belong to unions has fallen. It now stands at 12.1 percent overall and 7.5 percent of private-sector employment.⁶ As Figure 14.2 indicates, union membership has fallen steadily since the 1980s. The decline has been driven by falling union membership in the private sector, while the share of government workers in unions has mostly held steady.

The decline in union membership has been attributed to several factors:⁷

- *Change in the structure of the economy*—Much recent job growth has occurred among women and older workers in the service sector of the economy, while union strength has traditionally been among urban blue-collar workers, especially middle-aged workers. Women have been less likely than men to belong to unions, and services industries such as finance, insurance, and real estate have lower union representation than manufacturing. Also, much business growth has been in the South, where workers are less likely to join unions.⁸

- *Management efforts to control costs*—On average, unionized workers receive higher pay than their nonunionized counterparts, and the pressure is greater because of international competition. In the past, union membership across an industry such as automobiles or steel resulted in similar wages and work requirements for all competitors. Today, U.S. producers must compete with companies that have entirely different pay scales and work rules, often placing the U.S. companies at a disadvantage.
- *Human resource practices*—Competition for scarce human resources can lead employers to offer much of what employees traditionally sought through union membership.
- *Government regulation*—Stricter regulation in such areas as workplace safety and equal employment opportunity leaves fewer areas in which unions can show an advantage over what employers must already offer.

As Figure 14.3 indicates, the percentage of U.S. workers who belong to unions is lower than in many other countries. More dramatic is the difference in “coverage”—the percentage of employees whose terms and conditions of employment are governed by a union contract, whether or not the employees are technically union members. In Western Europe, it is common to have coverage rates of 80 to 90 percent, so the influence of labor unions far outstrips what membership levels would imply.⁹ Also,

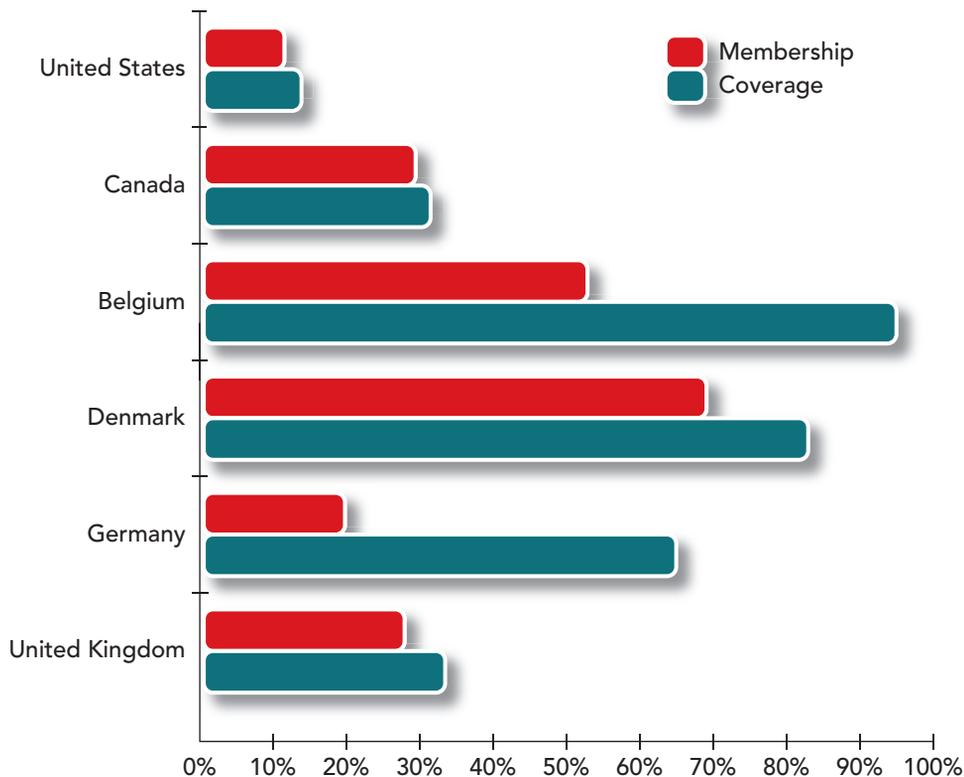


Figure 14.3

Union Membership Rates and Coverage in Selected Countries

Note: Data for 2007, except U.S. coverage rate for 2005.

SOURCES: Eurofund, “Industrial Relations Context,” *European Industrial Relations Dictionary*, updated July 24, 2009, www.eurofund.europa.eu; Organization for Economic Cooperation and Development, “Trade Union Density (%) in OECD Countries 1960–2007,” February 25, 2009, www.oecd.org; Statistics Canada, “Union Coverage Rates,” modified November 25, 2008, www.statcan.gc.ca; and Lawrence Mishel, Jared Bernstein, and Sylvia Allegretto, *The State of Working America 2006/2007* (Ithaca, NY: ILR Press, 2007), Figure 3W, accessed at Economic Policy Institute’s State of Working America Web site, www.stateofworkingamerica.org.

Did You Know?

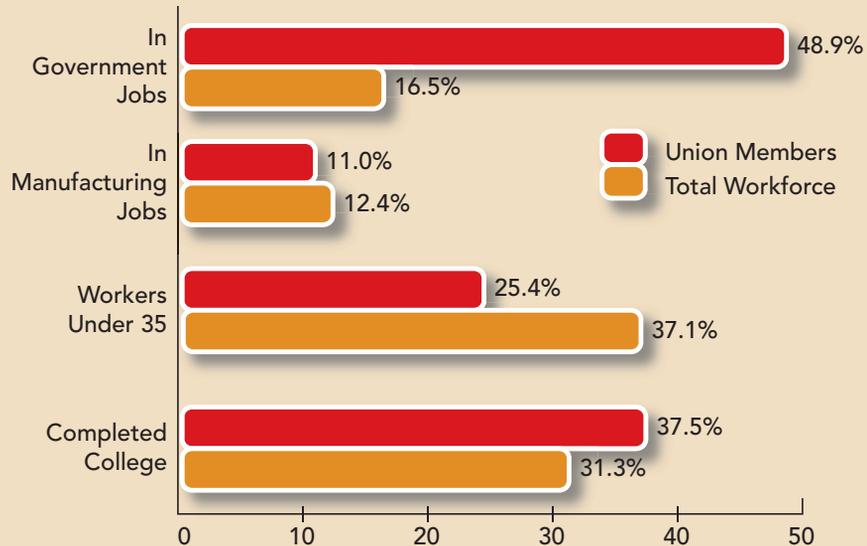
Many Union Workers Hold Government Jobs

Compared with the overall U.S. workforce, union workers are more likely to have a government job and a college degree. They are less likely to have a manufacturing

job and to be younger than 35. How well do the data fit your picture of a typical union worker?

Source: Data from John Schmitt and Kris Warner, *The Changing Face*

of Labor, 1983–2008 (Washington, DC: Center for Economic and Policy Research, November 2009), accessed at www.cepr.net.



employees in Western Europe tend to have a larger formal role in decision making than in the United States. This role, including worker representatives on boards of directors, is often mandated by the government. But as markets become more and more global, pressure to cut labor costs and increase productivity is likely to be stronger in every country. Unless unions can help companies improve productivity or organize new production facilities opened in lower-wage countries, union influence may decline in countries where it is now strong.

Although union members are a smaller share of the U.S. workforce, they are a significant part of many industries' labor markets. Along with strength in numbers, large unions have strength in dollars. Union retirement funds, taken together, are huge. Unions try to use their investment decisions in ways that influence businesses. The "Did You Know?" box presents some statistics on union members.

Unions in Government

Unlike union membership for workers in businesses, union membership among government workers has remained strong. Union membership in the public sector grew during the 1960s and 1970s and has remained steady ever since. Over one-third of government employees are union members, and a larger share are covered

by collective bargaining agreements. One reason for this strength is that government regulations and laws support the right of government workers to organize. In 1962 Executive Order 10988 established collective bargaining rights for federal employees. By the end of the 1960s, most states had passed similar laws.

An interesting aspect of union growth among government workers is that much of it has occurred in the service industry and among white-collar employees—groups that have been viewed as difficult to organize. The American Federation of State, County and Municipal Employees (AFSCME) has about 1.6 million members. Among them are nurses, park rangers, school librarians, corrections officers, and many workers in clerical and other white-collar occupations.¹⁰

Labor relations with government workers is different in some respects, such as regarding the right to strike. Strikes are illegal for federal workers and for state workers in most states. At the local level, all states prohibit strikes by police (Hawaii being a partial exception) and firefighters (Idaho being the exception). Teachers and state employees are somewhat more likely to have the right to strike, depending on the state. Legal or not, strikes by government workers do occur. Of the 39 strikes involving 1,000 or more workers in 2000, eight involved workers in state and local government.

Impact of Unions on Company Performance

Organizations are concerned about whether union organizing and bargaining will hurt their performance, in particular, unions' impact on productivity, profits, and stock performance. Researchers have studied the general relationship between unionization and these performance measures. Through skillful labor relations, organizations can positively influence outcomes.

There has been much debate regarding the effects of unions on productivity.¹¹ One view is that unions decrease productivity because of work rules and limits on workloads set by union contracts and production lost to such union actions as strikes and work slowdowns. At the same time, unions can have positive effects on productivity.¹² They can reduce turnover by giving employees a route for resolving problems.¹³ Unions emphasize pay systems based on seniority, which remove incentives for employees to compete rather than cooperate. The introduction of a union also may force an employer to improve its management practices and pay greater attention to employee ideas.

Although there is evidence that unions have both positive and negative effects on productivity, most studies have found that union workers are more productive than nonunion workers. Still, questions remain. Are highly productive workers more likely to form unions, or does a union make workers more productive? The answer is unclear. In theory, if unions caused greater productivity, we would expect union membership to be rising, not falling as it has been.¹⁴

Even if unions do raise productivity, a company's profits and stock performance may still suffer if unions raise wage and benefits costs by more than the productivity gain. On average, union members receive higher wages and more generous benefits than nonunion workers, and evidence shows that unions have a large negative effect on profits. Also, union coverage tends to decline faster in companies with a lower return to shareholders.¹⁵ In summary, companies wishing to become more competitive must continually monitor their labor relations strategy.



Harley-Davidson and the International Association of Machinists and Aerospace Workers have cooperated to produce good results. In general, though, companies wishing to become more competitive need to continually monitor their labor relations strategies.

The studies tend to look at the average effects of unions, not at individual companies or innovative labor relations. Some organizations excel at labor relations, and some have worked with unions to meet business needs. For example, even though U.S. manufacturers have outsourced or automated many jobs, a study by the National Association of Manufacturers found that 8 out of 10 had at least a moderate shortage of production workers, machinists, and craft workers. Many of these companies traditionally depended on unions to recruit and train new workers through apprenticeship programs. Some still do. Great River Energy in Bismarck, North Dakota, is one of the electric power companies that benefits from an apprenticeship program run by the North Central States Regional Council of Carpenters. A share of union members' dues funds the program for training carpenters and millwrights in trade and safety skills. Similarly, the companies that belong to the Mechanical Contractors Association of Chicago benefit from the skills taught to apprentices in the apprenticeship program of UA Pipefitters Local 597.¹⁶

L02 Identify the labor relations goals of management, labor unions, and society.

Goals of Management, Labor Unions, and Society

Resolving conflicts in a positive way is usually easiest when the parties involved understand each other's goals. Although individual cases vary, we can draw some general conclusions about the goals of labor unions and management. Society, too, has goals for labor and business, given form in the laws regulating labor relations.

Management Goals

Management goals are to increase the organization's profits. Managers tend to prefer options that lower costs and raise output. When deciding whether to discourage employees from forming a union, a concern is that a union will create higher costs in wages and benefits, as well as raise the risk of work stoppages. Managers may also fear that a union will make managers and workers into adversaries or limit management's discretion in making business and employment decisions.

When an employer has recognized a union, management's goals continue to emphasize restraining costs and improving output. Managers continue to prefer to keep the organization's operations flexible, so they can adjust activities to meet competitive challenges and customer demands. Therefore, in their labor relations managers prefer to limit increases in wages and benefits and to retain as much control as they can over work rules and schedules.

Labor Union Goals

In general, labor unions have the goals of obtaining pay and working conditions that satisfy their members and of giving members a voice in decisions that affect them. Traditionally, they obtain these goals by gaining power in numbers. The more workers who belong to a union, the greater the union's power. More members translates into greater ability to halt or disrupt production. Larger unions also have greater financial resources for continuing a strike; the union can help to make up for the wages the workers lose during a strike. The threat of a long strike—stated or implied—can make an employer more willing to meet the union's demands.

As we noted earlier, union membership is indeed linked to better compensation. In 2009, private-sector unionized workers received, on average, wages 19 percent higher

than nonunion workers.¹⁷ In addition, the impact of unionization on benefits packages was dramatic: Employer costs for benefits granted to union workers averaged almost 90 percent higher. Taking into account other influences, such as the greater ease with which unions are able to organize relatively highly paid, productive workers, researchers estimate that the total “union effect” on wages is about 10 to 15 percent.¹⁸ In other words, a union worker would earn \$1.10 to \$1.15 for every dollar earned by a nonunion worker.

Unions typically want to influence the way pay and promotions are determined. Unlike management, which tries to consider employees as individuals so that pay and promotion decisions relate to performance differences, unions try to build group solidarity and avoid possible arbitrary treatment of employees. To do so, unions focus on equal pay for equal work. They try to have any pay differences based on seniority, on the grounds that this measure is more objective than performance evaluations. As a result, where workers are represented by a union, it is common for all employees in a particular job classification to be paid at the same rate.

The survival and security of a union depend on its ability to ensure a regular flow of new members and member dues to support the services it provides. Therefore, unions typically place high priority on negotiating two types of contract provisions with an employer that are critical to a union’s security and viability: checkoff provisions and provisions relating to union membership or contribution.

Under a **checkoff provision**, the employer, on behalf of the union, automatically deducts union dues from employees’ paychecks. Security provisions related to union membership are *closed shop*, *union shop*, *agency shop*, and *maintenance of membership*.

The strongest union security arrangement is a **closed shop**, under which a person must be a union member before being hired. Under the National Labor Relations Act, discussed later in this chapter, closed shops are illegal. A legal membership arrangement that supports the goals of labor unions is the **union shop**, an arrangement that requires an employee to join the union within a certain time (30 days) after beginning employment. A similar alternative is the **agency shop**, which requires the payment of union dues but not union membership. **Maintenance of membership** rules do not require union membership but do require that employees who join the union remain members for a certain period of time, such as the length of the contract. As we will discuss later in the chapter, some states forbid union shops, agency shops, and maintenance of membership.

All these provisions are ways to address unions’ concern about “free riders”—employees who benefit from union activities without belonging to a union. By law, all members of a bargaining unit, whether union members or not, must be represented by the union. If the union must offer services to all bargaining unit members but some of them are not dues-paying union members, the union may not have enough financial resources to operate successfully.

Societal Goals

The activities of unions and management take place within the context of society, with society’s values driving the laws and regulations that affect labor relations. As long ago as the late 1800s and early 1900s, industrial relations scholars saw unions as a way to make up for individual employees’ limited bargaining power.¹⁹ At that time, clashes between workers and management could be violent, and many people hoped that unions would replace the violence with negotiation. Since then, observers have expressed concern that unions in certain industries have become too strong,

Checkoff Provision

Contract provision under which the employer, on behalf of the union, automatically deducts union dues from employees’ paychecks.

Closed Shop

Union security arrangement under which a person must be a union member before being hired; illegal for those covered by the National Labor Relations Act.

Union Shop

Union security arrangement that requires employees to join the union within a certain amount of time (30 days) after beginning employment.

Agency Shop

Union security arrangement that requires the payment of union dues but not union membership.

Maintenance of Membership

Union security rules not requiring union membership but requiring that employees who join the union remain members for a certain period of time.

achieving their goals at the expense of employers' ability to compete or meet other objectives. But even Senator Orrin Hatch, described by *BusinessWeek* as "labor's archrival on Capitol Hill," has spoken of a need for unions:

There are always going to be people who take advantage of workers. Unions even that out, to their credit. We need them to level the field between labor and management. If you didn't have unions, it would be very difficult for even enlightened employers not to take advantage of workers on wages and working conditions, because of [competition from less-enlightened] rivals. I'm among the first to say I believe in unions.²⁰

Senator Hatch's statement implies that society's goal for unions is to ensure that workers have a voice in how they are treated by their employers. As we will see in the next section, this view has produced a set of laws and regulations intended to give workers the right to join unions if they so wish.

L03 Summarize laws and regulations that affect labor relations.

Laws and Regulations Affecting Labor Relations

The laws and regulations pertaining to labor relations affect unions' size and bargaining power, so they significantly affect the degree to which unions, management, and society achieve their varied goals. These laws and regulations set limits on union structure and administration and the ways in which unions and management interact.

National Labor Relations Act (NLRA)

Perhaps the most dramatic example of labor laws' influence is the 1935 passage of the Wagner Act (also known as the **National Labor Relations Act**, or **NLRA**), which actively supported collective bargaining. After Congress passed the NLRA, union membership in the United States nearly tripled, from 3 million in 1933 to 8.8 million (19.2 percent of employment) in 1939.²¹

Before the 1930s, the U.S. legal system was generally hostile to unions. The courts tended to view unions as coercive organizations that hindered free trade. Unions' focus on collective voice and collective action (such as strikes and boycotts) did not fit well with the U.S. emphasis on capitalism, individualism, freedom of contract, and property rights.²² Then the Great Depression of the 1930s shifted public attitudes toward business and the free-enterprise system. Unemployment rates as high as 25 percent and a steep fall in production between 1929 and 1933 focused attention on employee rights and the shortcomings of the economic system of the time. The nation was in crisis, and President Franklin Roosevelt responded dramatically with the New Deal. On the labor front, the 1935 NLRA ushered in an era of public policy for labor unions, enshrining collective bargaining as the preferred way to settle labor-management disputes.

Section 7 of the NLRA sets out the rights of employees, including the "right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in other concerted activities for the purpose of collective bargaining."²³ Employees also have the right to refrain from these activities, unless union membership is a condition of employment. The following activities are among those protected under the NLRA:

- Union organizing.
- Joining a union, whether recognized by the employer or not.
- Going out on strike to secure better working conditions.
- Refraining from activity on behalf of the union.

National Labor Relations Act (NLRA)
Federal law that supports collective bargaining and sets out the rights of employees to form unions.

Most employees in the private sector are covered by the NLRA. However, workers employed under the following conditions are not covered:²⁴

- Employed as a supervisor.
- Employed by a parent or spouse.
- Employed as an independent contractor.
- Employed in the domestic service of any person or family in a home.
- Employed as agricultural laborers.
- Employed by an employer subject to the Railway Labor Act.
- Employed by a federal, state, or local government.
- Employed by any other person who is not an employer as defined in the NLRA.

State or local laws may provide additional coverage. For example, California's 1975 Agricultural Labor Relations Act covers agricultural workers in that state.

In Section 8(a), the NLRA prohibits certain activities by employers as unfair labor practices. In general, employers may not interfere with, restrain, or coerce employees in exercising their rights to join or assist a labor organization or to refrain from such activities. Employers may not dominate or interfere with the formation or activities of a labor union. They may not discriminate in any aspect of employment that attempts to encourage or discourage union activity, nor may they discriminate against employees for providing testimony related to enforcement of the NLRA. Finally, employers may not refuse to bargain collectively with a labor organization that has standing under the act. For more guidance in complying with the NLRA, see the examples in the “HR How To” box.

When employers or unions violate the NLRA, remedies typically include ordering that unfair labor practices stop. Employers may be required to rehire workers, with or without back pay. The NLRA is not a criminal law, and violators may not be assigned punitive damages (fines to punish rather than merely make up for the harm done).

Laws Amending the NLRA

Originally, the NLRA did not list any unfair labor practices by unions. In later amendments to the NLRA—the Taft-Hartley Act of 1947 and the Landrum-Griffin Act of 1959—Congress established some restrictions on union practices deemed unfair to employers and union members.

Under the Taft-Hartley Act, unions may not restrain employers through actions such as the following:²⁵

- Mass picketing in such numbers that nonstriking employees physically cannot enter the workplace.
- Engaging in violent acts in connection with a strike.
- Threatening employees with physical injury or job loss if they do not support union activities.
- During contract negotiations, insisting on illegal provisions, provisions that the employer may hire only workers who are union members or “satisfactory” to the union, or working conditions to be determined by a group to which the employer does not belong.
- Terminating an existing contract and striking for a new one without notifying the employer, the Federal Mediation and Conciliation Service, and the state mediation service (where one exists).

AVOIDING UNFAIR LABOR PRACTICES

The National Labor Relations Act prohibits employers and unions from engaging in unfair labor practices. For employers, this means they must not interfere with employees' decisions about whether to join a union and engage in union-related activities. Employers may not discriminate against employees for being involved in union activities or testifying in court about actions under the NLRA. Here are some specific examples of unfair labor practices that *employers must avoid*:

- Threatening employees with loss of their jobs or benefits if they join or vote for a union.
- Threatening to close down a plant if it is organized by a union.
- Questioning employees about their union membership or activities in a way that restrains or coerces them.
- Spying or pretending to spy on union meetings.
- Granting wage increases timed to discourage employees from forming or joining a union.
- Taking an active part in organizing a union or committee to represent employees.
- Providing preferential treatment or aid to one of several unions trying to organize employees.
- Discharging employees for urging other employees to join a union.
- Refusing to hire applicants because they are union members.
- Refusing to reinstate workers when job openings occur, on the grounds that the workers participated in a lawful strike.
- Ending operations at one facility and opening the same operations at another facility with new employees because employees at the first joined a union.
- Demoting or firing employees for filing an unfair labor practice complaint or testifying at an NLRB meeting.
- Refusing to meet with employees' representatives because the employees are on strike.
- Refusing to supply the employees' representative with cost and other data concerning a group insurance plan covering employees.
- Announcing a wage increase without consulting the employees' representative.
- Failing to bargain about the effects of a decision to close one of the employer's facilities.

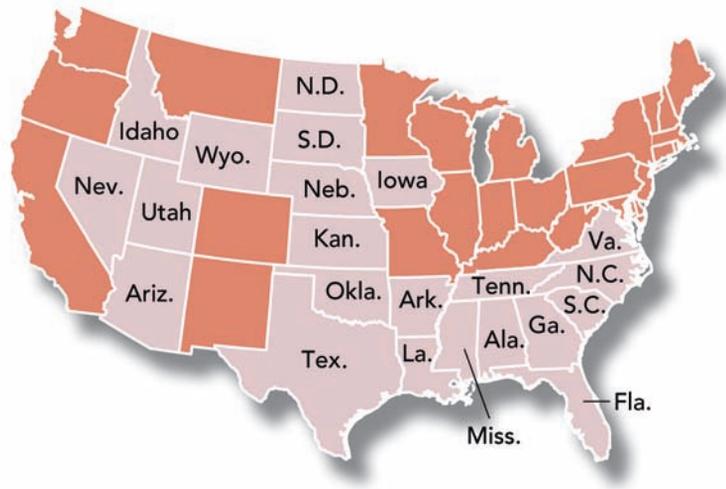
Sources: National Labor Relations Board, *Basic Guide to the National Labor Relations Act* (Washington, DC: U.S. Government Printing Office, 1997); and National Labor Relations Board, "The National Labor Relations Board and You: Unfair Labor Practices," www.nlrb.gov, accessed May 4, 2010.

Right-to-Work Laws

State laws that make union shops, maintenance of membership, and agency shops illegal.

The Taft-Hartley Act also allows the states to pass so-called **right-to-work laws**, which make union shops, maintenance of membership, and agency shops illegal. The idea behind such laws is that requiring union membership or the payment of union dues restricts the employees' right to freedom of association. In other words, employees should be free to choose whether they join a union or other group. Of course, unions have a different point of view. The union perspective is that unions provide services to all members of a bargaining unit (such as all of a company's workers), and all members who receive the benefits of a union should pay union dues. Figure 14.4 indicates which states currently have right-to-work laws.

The Landrum-Griffin Act regulates unions' actions with regard to their members, including financial disclosure and the conduct of elections. This law establishes and protects rights of union members. These include the right to nominate candidates for union office, participate in union meetings and secret-ballot elections, and examine unions' financial records.

**Figure 14.4**

States with Right-to-Work Laws

SOURCE: National Right to Work Legal Defense Foundation, "Right to Work States," www.nrtw.org, accessed May 3, 2010.

National Labor Relations Board (NLRB)

Enforcement of the NLRA rests with the **National Labor Relations Board (NLRB)**. This federal government agency consists of a five-member board, the general counsel, and 52 regional and other field offices. Because the NLRB is a federal agency, its enforcement actions are limited to companies that have an impact on interstate commerce, but as a practical matter, this extends to all but purely local businesses. For federal government workers under the Civil Service Reform Act of 1978, Title VII, the Federal Labor Relations Authority has a role similar to that of the NLRB. Many states have similar agencies to administer their laws governing state and local government workers.

The NLRB has two major functions: to conduct and certify representation elections and to prevent unfair labor practices. It does not initiate either of these actions but responds to requests for action.

The "HR Oops!" box shows how managers' comments and actions can be considered by the NLRB as illegally interfering with union organizing.

Representation Elections

The NLRB is responsible for ensuring that the organizing process follows certain steps, described in the next section. Depending on the response to organizing efforts, the NLRB conducts elections. When a majority of workers vote in favor of a union, the NLRB certifies it as the exclusive representative of a group of employees. The NLRB also conducts elections to decertify unions, following the same process as for representation elections.

The NLRB is also responsible for determining the appropriate bargaining unit and the employees who are eligible to participate in organizing activities. As we stated earlier, bargaining units may not include certain types of employees, such as agricultural laborers, independent contractors, supervisors, and managers. Beyond this, the NLRB attempts to group together employees who have a community of interest

National Labor Relations Board (NLRB)

Federal government agency that enforces the NLRA by conducting and certifying representation elections and investigating unfair labor practices.

HR Oops!

Thou Shalt Not Threaten

Community Health Center La Clinica is a nonprofit health clinic located in Pasco, a city in south-eastern Washington State. Its employees are represented by the Office and Professional Employees International Union Local 8. La Clinica hired Carl Walters II to be its chief executive after several turbulent years marked by employee lawsuits and complaints of corruption.

Walters dedicated himself to getting La Clinica on a firmer financial foundation, and in so doing, he assembled employees to discuss the organization's current situation and future prospects. In one such meeting, Walters outlined the clinic's financial health and expressed concerns that the economic recession and cuts in state funding would make it necessary

to find ways to cut its expenses. Among the possible actions, La Clinica would have to evaluate staffing levels and compensation, hoping to make cuts that would avoid layoffs.

Some of the unionized employees interpreted Walters's comments to mean he was threatening them that if they didn't agree to reduce their compensation or vote out the union, they would be laid off. The union complained to the NLRB that La Clinica was engaging in unfair labor practices by threatening employees. The NLRB found evidence to file a complaint and potentially a lawsuit but offered La Clinica a chance to settle instead. La Clinica agreed to the settlement, under which it does not admit wrongdoing but agrees to abide by and post a list of actions

it will not take, including threats of job loss and creation of employee policies that should be the subject of collective bargaining.

Source: Based on Michelle Dupler, "La Clinica Settles over Union Complaints," *Tri-City Herald* (Kennewick, WA), March 13, 2010, Business & Company Resource Center, <http://galenet.galegroup.com>; Community Health Center La Clinica Web site, www.laclinicanet.org, accessed May 5, 2010.

Questions

1. How can a company communicate with unionized employees about its financial situation without seeming to issue threats?
2. How could HRM professionals at La Clinica help management avoid missteps such as the one described here?

in their wages, hours, and working conditions. A unit may cover employees in one facility or multiple facilities within a single employer, or the unit may cover multiple employers. In general, employees on the payroll just before the ordering of an election are eligible to vote, although this rule is modified in some cases, for example, when employment in the industry is irregular. Most employees who are on strike and who have been replaced by other employees are eligible to vote in an election (such as a decertification election) that occurs within 12 months of the onset of the strike.

Prevention of Unfair Labor Practices

The handling of complaints regarding unfair labor practices begins when someone files a charge. The deadline for filing a charge is six months after the alleged unfair practice. All parties must be served with a copy of the charge. (Registered mail is recommended.) The charge is investigated by a regional office. If, after investigating, the NLRB finds the charge has merit and issues a complaint, two actions are possible. The NLRB may defer to a grievance procedure agreed on by the employer and the union; grievances are discussed later in this chapter. Or a hearing may be held before an administrative law judge. The judge makes a recommendation, which either party may appeal.

The NLRB has the authority to issue cease-and-desist orders to halt unfair labor practices. It also can order the employer to reinstate workers, with or without back pay. The NLRB can set aside the results of an election if it believes either the union

or the employer has created “an atmosphere of confusion or fear of reprisals.”²⁶ If an employer or union refuses to comply with an NLRB order, the board has the authority to petition the U.S. Court of Appeals. The court may enforce the order, recommend it to the NLRB for modification, change the order itself, or set it aside altogether.

Union Organizing

Unions begin their involvement with an organization’s employees by conducting an organizing campaign. To meet its objectives, a union needs to convince a majority of workers that they should receive better pay or other employment conditions and that the union will help them do so. The employer’s objectives will depend on its strategy—whether it seeks to work with a union or convince employees that they are better off without union representation.

L04 Describe the union organizing process.

The Process of Organizing

The organizing process begins with authorization cards, such as the example shown in Figure 14.5. Union representatives make contact with employees, present their message about the union, and invite them to sign an authorization card. For the organization process to continue, at least 30 percent of the employees must sign an authorization card.

If over half the employees sign an authorization card, the union may request that the employer voluntarily recognize the union. If the employer agrees, the NLRB certifies the union as the exclusive representative of employees. If the employer refuses, or if only 30 to 50 percent of employees signed cards, the NLRB conducts a secret-ballot election. The arrangements are made in one of two ways:

1. For a *consent election*, the employer and the union seeking representation arrive at an agreement stating the time and place of the election, the choices included on the ballot, and a way to determine who is eligible to vote.

YES, I WANT THE IAM

I, the undersigned employee of _____
(Company) _____

authorize the International Association of Machinists and Aerospace Workers (IAM) to act as my collective bargaining agent for wages, hours and working conditions. I agree that this card may be used either to support a demand for recognition or an NLRB election, at the discretion of the union.

Name (print) _____ Date _____
Home Address _____ Phone _____
City _____ State _____ Zip _____
Job Title _____ Dept. _____ Shift _____

Sign Here X _____

Note: This authorization to be SIGNED and DATED in employee's own handwriting.
YOUR RIGHT TO SIGN THIS CARD IS PROTECTED BY FEDERAL LAW.

RECEIVED BY (Initial) _____

Figure 14.5

Authorization Card

2. For a *stipulation election*, the parties cannot agree on all of these terms, so the NLRB dictates the time and place, ballot choices, and method of determining eligibility.

On the ballot, workers vote for or against union representation, and they may also have a choice from among more than one union. If the union (or one of the unions on the ballot) wins a majority of votes, the NLRB certifies the union. If the ballot includes more than one union and neither gains a simple majority, the NLRB holds a runoff election.

As noted earlier, if the NLRB finds the election was not conducted fairly, it may set aside the results and call for a new election. Conduct that may lead to an election result's being set aside includes the following examples:²⁷

- Threats of loss of jobs or benefits by an employer or union to influence votes or organizing activities.
- A grant of benefits or a promise of benefits as a means of influencing votes or organizing activities.
- Campaign speeches by management or union representatives to assembled groups of employees on company time less than 24 hours before an election.
- The actual use or threat of physical force or violence to influence votes or organizing activities.

After certification, there are limits on future elections. Once the NLRB has certified a union as the exclusive representative of a group of employees, it will not permit additional elections for one year. Also, after the union and employer have finished negotiating a contract, an election cannot be held for the time of the contract period or for three years, whichever comes first. The parties to the contract may agree not to hold an election for longer than three years, but an outside party (another union) cannot be barred for more than three years.

Management Strategies

Sometimes an employer will recognize a union after a majority of employees have signed authorization cards. More often, there is a hotly contested election campaign. During the campaign, unions try to persuade employees that their wages, benefits, treatment by employers, and chances to influence workplace decisions are too poor or small and that the union will be able to obtain improvements in these areas. Management typically responds with its own messages providing an opposite point of view. Management messages say the organization has provided a valuable package of wages and benefits and has treated employees well. Management also argues that the union will not be able to keep its promises but will instead create costs for employees, such as union dues and lost income during strikes.

Employers use a variety of methods to oppose unions in organizing campaigns.²⁸ Their efforts range from hiring consultants to distributing leaflets and letters to presenting the company's viewpoint at meetings of employees. Some management efforts go beyond what the law permits, especially in the eyes of union organizers. Why would employers break the law? One explanation is that the consequences, such as reinstating workers with back pay, are small compared to the benefits.²⁹ If coercing workers away from joining a union saves the company the higher wages, benefits, and other costs of a unionized workforce, management may feel an incentive to accept costs like back pay.

WHAT TO DO:
Report any direct or indirect signs of union activity to a core management group.
Deal with employees by carefully stating the company's response to pro-union arguments. These responses should be coordinated by the company to maintain consistency and to avoid threats or promises. Take away union issues by following effective management practices all the time:
Deliver recognition and appreciation.
Solve employee problems.
Protect employees from harassment or humiliation.
Provide business-related information.
Be consistent in treatment of different employees.
Accommodate special circumstances where appropriate.
Ensure due process in performance management.
Treat all employees with dignity and respect.
WHAT TO AVOID:
Threatening employees with harsher terms and conditions of employment or employment loss if they engage in union activity.
Interrogating employees about pro-union or anti-union sentiments that they or others may have or reviewing union authorization cards or pro-union petitions.
Promising employees that they will receive favorable terms or conditions of employment if they forgo union activity.
Spying on employees known to be, or suspected of being, engaged in pro-union activities.

Table 14.1

What Supervisors Should and Should Not Do to Discourage Unions

SOURCE: From J. A. Segal, "Unshackle Your Supervisors to Stay Union Free," *HR Magazine*, June 1998. Copyright © 1998 by Society for Human Resource Management. Reproduced with permission of Society for Human Resource Management via Copyright Clearance Center.

Supervisors have the most direct contact with employees. Thus, as Table 14.1 indicates, it is critical that they establish good relationships with employees even before there is any attempt at union organizing. Supervisors also must know what *not* to do if a union drive takes place. They should be trained in the legal principles discussed earlier in this chapter.

Union Strategies

The traditional union organizing strategy has been for organizers to call or visit employees at home, when possible, to talk about issues like pay and job security. Local unions of the Teamsters have contacted dock workers at UPS Freight terminals in 11 states and invited them to sign authorization cards. When a majority of the workers at a terminal sign cards, UPS agrees to bargain with the Teamsters at that location.³⁰

Beyond encouraging workers to sign authorization cards and vote for the union, organizers use some creative alternatives to traditional organizing activities. They sometimes offer workers **associate union membership**, which is not linked to an employee's workplace and does not provide representation in collective bargaining. Rather, an associate member receives other services, such as discounts on health and life insurance or credit cards.³¹ In return for these benefits, the union receives membership dues and a broader base of support for its activities. Associate membership may be attractive to employees who wish to join a union but cannot because their workplace is not organized by a union.

Associate Union Membership

Alternative form of union membership in which members receive discounts on insurance and credit cards rather than representation in collective bargaining.

Corporate Campaigns

Bringing public, financial, or political pressure on employers during union organization and contract negotiation.

Another alternative to traditional organizing is to conduct **corporate campaigns**—bringing public, financial, or political pressure on employers during union organization and contract negotiation.³² The Amalgamated Clothing and Textile Workers Union (ACTWU) corporate campaign against textile maker J. P. Stevens during the late 1970s was one of the first successful corporate campaigns and served as a model for those that followed. The ACTWU organized a boycott of J. P. Stevens products and threatened to withdraw its pension funds from financial institutions where J. P. Stevens officers acted as directors. The company eventually agreed to a contract with ACTWU.³³

Another winning union organizing strategy is to negotiate employer neutrality and card-check provisions into a contract. Under a *neutrality provision*, the employer pledges not to oppose organizing attempts elsewhere in the company. A *card-check provision* is an agreement that if a certain percentage—by law, at least a majority—of employees sign an authorization card, the employer will recognize their union representation. An impartial outside agency, such as the American Arbitration Association, counts the cards. Evidence suggests that this strategy can be very effective for unions.³⁴

Decertifying a Union

The Taft-Hartley Act expanded union members' right to be represented by leaders of their own choosing to include the right to vote out an existing union. This action is called *decertifying* the union. Decertification follows the same process as a representation election. An election to decertify a union may not take place when a contract is in effect.

When decertification elections are held, unions often do not fare well.³⁵ During the past few years, unions have lost between 54 and 64 percent of decertification elections. In another blow to unions, the number of decertification elections has increased from about 5 percent of all elections in the 1950s and 1960s to more than double that rate in recent years.

L05 Explain how management and unions negotiate contracts.

Collective Bargaining

Negotiation between union representatives and management representatives to arrive at a contract defining conditions of employment for the term of the contract and to administer that contract.

Collective Bargaining

When the NLRB has certified a union, that union represents employees during contract negotiations. In **collective bargaining**, a union negotiates on behalf of its members with management representatives to arrive at a contract defining conditions of employment for the term of the contract and to resolve differences in the way they interpret the contract. Typical contracts include provisions for pay, benefits, work rules, and resolution of workers' grievances. Table 14.2 shows typical provisions negotiated in collective bargaining contracts.

Collective bargaining differs from one situation to another in terms of *bargaining structure*—that is, the range of employees and employers covered by the contract. A contract may involve a narrow group of employees in a craft union or a broad group in an industrial union. Contracts may cover one or several facilities of the same employer, or the bargaining structure may involve several employers. Many more interests must be considered in collective bargaining for an industrial union with a bargaining structure that includes several employers than in collective bargaining for a craft union in a single facility.

The majority of contract negotiations take place between unions and employers that have been through the process before. In the typical situation, management has come to accept the union as an organization it must work with. The situation can be

Table 14.2
Typical Provisions in
Collective Bargaining
Contracts

Establishment and administration of the agreement	Bargaining unit and plant supplements Contract duration and reopening and renegotiation provisions Union security and the checkoff Special bargaining committees Grievance procedures Arbitration and mediation Strikes and lockouts Contract enforcement
Functions, rights, and responsibilities	Management rights clauses Plant removal Subcontracting Union activities on company time and premises Union–management cooperation Regulation of technological change Advance notice and consultation
Wage determination and administration	General provisions Rate structure and wage differentials Allowances Incentive systems and production bonus plans Production standards and time studies Job classification and job evaluation Individual wage adjustments General wage adjustments during the contract period
Job or income security	Hiring and transfer arrangements Employment and income guarantees Reporting and call-in pay Supplemental unemployment benefit plans Regulation of overtime, shift work, etc. Reduction of hours to forestall layoffs Layoff procedures; seniority; recall Worksharing in lieu of layoff Attrition arrangements Promotion practices Training and retraining Relocation allowances Severance pay and layoff benefit plans Special funds and study committees
Plant operations	Work and shop rules Rest periods and other in-plant time allowances Safety and health Plant committees Hours of work and premium pay practices Shift operations Hazardous work Discipline and discharge
Paid and unpaid leave	Vacations and holidays Sick leave Funeral and personal leave Military leave and jury duty

(Continued)

Table 14.2

Concluded

Employee benefit plans	Health and insurance plans Pension plans Profit-sharing, stock purchase, and thrift plans Bonus plans
Special groups	Apprentices and learners Workers with disabilities and older workers Women Veterans Union representatives Nondiscrimination clauses

SOURCE: T. A. Kochan, *Collective Bargaining and Industrial Relations* (Homewood, IL: Richard D. Irwin, 1980), p. 29. Original data from J. W. Bloch, "Union Contracts—A New Series of Studies," *Monthly Labor Review* 87 (October 1964), pp. 1184–85.

very different when a union has just been certified and is negotiating its first contract. In over one-fourth of negotiations for a first contract, the parties are unable to reach an agreement.³⁶

Bargaining over New Contracts

Clearly, the outcome of contract negotiations can have important consequences for labor costs, productivity, and the organization's ability to compete. Therefore, unions and management need to prepare carefully for collective bargaining. Preparation includes establishing objectives for the contract, reviewing the old contract, gathering data (such as compensation paid by competitors and the company's ability to survive a strike), predicting the likely demands to be made, and establishing the cost of meeting the demands.³⁷ This preparation can help negotiators develop a plan for how to negotiate. Different situations and goals call for different approaches to bargaining, such as the following alternatives proposed by Richard Walton and Robert McKersie:³⁸

- *Distributive bargaining* divides an economic "pie" between two sides—for example, a wage increase means giving the union a larger share of the pie.
- *Integrative bargaining* looks for win-win solutions, or outcomes in which both sides benefit. If the organization's labor costs hurt its performance, integrative bargaining might seek to avoid layoffs in exchange for work rules that improve productivity.
- *Attitudinal structuring* focuses on establishing a relationship of trust. The parties are concerned about ensuring that the other side will keep its part of any bargain.
- *Intraorganizational bargaining* addresses conflicts within union or management groups or objectives, such as between new employees and workers with high seniority or between cost control and reduction of turnover.

The collective bargaining process may involve any combination of these alternatives.

Negotiations go through various stages.³⁹ In the earliest stages, many more people are often present than in later stages. On the union side, this may give all the various internal interest groups a chance to participate and voice their goals. Their input helps communicate to management what will satisfy union members and may help the union achieve greater solidarity. At this stage, union negotiators often present a long list of proposals, partly to satisfy members and partly to introduce enough



Citing the strong potential for loss of jobs, union members protest Verizon's selling of its landline business to Frontier Communications in West Virginia.

issues that they will have flexibility later in the process. Management may or may not present proposals of its own. Sometimes management prefers to react to the union's proposals.

During the middle stages of the process, each side must make a series of decisions, even though the outcome is uncertain. How important is each issue to the other side? How likely is it that disagreement on particular issues will result in a strike? When and to what extent should one side signal its willingness to compromise?

In the final stage of negotiations, pressure for an agreement increases. Public negotiations may be only part of the process. Negotiators from each side may hold one-on-one meetings or small-group meetings where they escape some public relations pressures. A neutral third party may act as a go-between or facilitator. In some cases, bargaining breaks down as the two sides find they cannot reach a mutually acceptable agreement. The outcome depends partly on the relative bargaining power of each party. That power, in turn, depends on each party's ability to withstand a strike, which costs the workers their pay during the strike and costs the employer lost production and possibly lost customers.

When Bargaining Breaks Down

The intended outcome of collective bargaining is a contract with terms acceptable to both parties. If one or both sides determine that negotiation alone will not produce such an agreement, bargaining breaks down. To bring this impasse to an end, the union may strike, or the parties may bring in outside help to resolve their differences.

Strike

A collective decision by union members not to work until certain demands or conditions are met.

Strikes

A **strike** is a collective decision of the union members not to work until certain demands or conditions are met. The union members vote, and if the majority favors a strike, they all go on strike at that time or when union leaders believe the time is right. Strikes are typically accompanied by *picketing*—the union stations members near the worksite with signs indicating the union is on strike. During the strike, the union members do not receive pay from their employer, but the union may be able to make up for some of the lost pay. The employer loses production unless it can hire replacement workers, and even then, productivity may be reduced. Often, other unions support striking workers by refusing to cross their picket line—for example, refusing to make deliveries to a company during a strike. When the Writers Guild of America went on strike, production of television shows came to a standstill. The strike also affected the Golden Globe Awards, as actors and other union employees in the media industry refused to cross their picket lines.

The vast majority of labor-management negotiations do not result in a strike, and the number of strikes has plunged since the 1950s, as shown in Figure 14.6. In every year since 2000, the percentage of total working time lost to strikes each year has been 0.01 percent—that is, one-hundredth of 1 percent of working time—or even less. A primary reason strikes are rare is that a strike is seldom in the best interests of either party. Not only do workers lose wages and employers lose production, but the negative experience of a strike can make future interactions more difficult. During the Writers Guild of America strike, screenwriters won some compensation for their

Figure 14.6

Strikes Involving 1,000 or More Workers



Note: Because strikes are most likely in large bargaining units, these numbers represent most lost working time in the United States.

SOURCE: Bureau of Labor Statistics, "Work Stoppages," <http://data.bls.gov>.

work that is distributed over the Internet. But while television shows switched to reruns, viewers were finding new, often free content online. That could ultimately damage network TV's future.⁴⁰ When strikes do occur, the conduct of each party during the strike can do lasting harm to labor-management relations. Violence by either side or threats of job loss or actual job loss because jobs went to replacement workers can make future relations difficult. Finally, many government employees do not have a right to strike, and their percentage among unionized employees overall has risen in recent decades, as we discussed earlier.

Alternatives to Strikes

Because strikes are so costly and risky, unions and employers generally prefer other methods for resolving conflicts. Three common alternatives rely on a neutral third party, usually provided by the Federal Mediation and Conciliation Service (FMCS):

- **Mediation** is the least formal and most widely used of these procedures. A mediator hears the views of both sides and facilitates the negotiation process. The mediator has no formal authority to dictate a resolution, so a strike remains a possibility. In a survey studying negotiations between unions and large businesses, mediation was used in almost 4 out of 10 negotiation efforts.⁴¹
- A **fact finder**, most often used for negotiations with governmental bodies, typically reports on the reasons for the dispute, the views and arguments of both sides, and (sometimes) a recommended settlement, which the parties may decline. The public nature of these recommendations may pressure the parties to settle. Even if

Mediation

Conflict resolution procedure in which a mediator hears the views of both sides and facilitates the negotiation process but has no formal authority to dictate a resolution.

Fact Finder

Third party to collective bargaining who reports the reasons for a dispute, the views and arguments of both sides, and possibly a recommended settlement, which the parties may decline.



Strikes such as this one between security officers and management of several office buildings in San Francisco are costly. Both unions and employees generally prefer to resolve contract conflicts in other ways.

Arbitration

Conflict resolution procedure in which an arbitrator or arbitration board determines a binding settlement.

they do not accept the fact finder's recommended settlement, the fact finder may identify or frame issues in a way that makes agreement easier. Sometimes merely devoting time to this process gives the parties a chance to reach an agreement. However, there is no guarantee that a strike will be avoided.

- Under **arbitration**, the most formal type of outside intervention, an arbitrator or arbitration board determines a settlement that is *binding*, meaning the parties have to accept it. In conventional arbitration, the arbitrator fashions the solution. In “final-offer arbitration,” the arbitrator must choose either management’s or the union’s final offer for each issue or for the contract as a whole. “Rights arbitration” focuses on enforcing or interpreting contract terms. Arbitration in the writing of contracts or setting of contract terms has traditionally been reserved for special circumstances such as negotiations between unions and government agencies, where strikes may be illegal or especially costly. Occasionally, arbitration has been used with businesses in situations where strikes have been extremely damaging. However, the general opinion is that union and management representatives are in the best position to resolve conflicts themselves, because they are closer to the situation than an arbitrator can be.

L06 Summarize the practice of contract administration.

Contract Administration

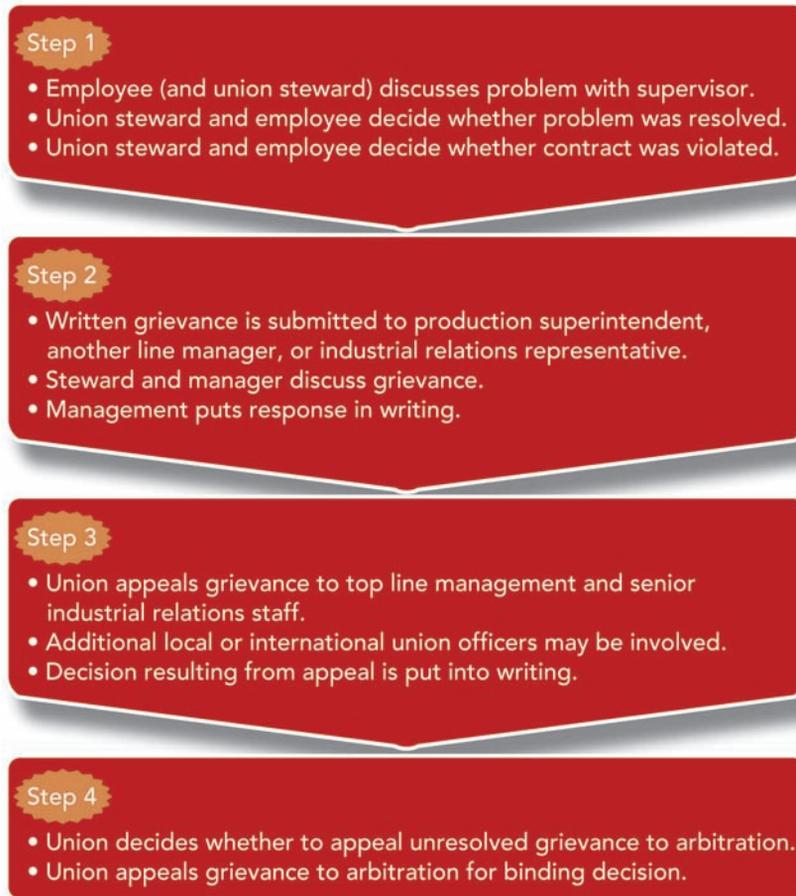
Although the process of negotiating a labor agreement (including the occasional strike) receives the most publicity, other union-management activities occur far more often. Bargaining over a new contract typically occurs only about every three years, but administering labor contracts goes on day after day, year after year. The two activities are linked, of course. Vague or inconsistent language in the contract can make administering the contract more difficult. The difficulties can create conflict that spills over into the next round of negotiations.⁴² Events during negotiations—strikes, the use of replacement workers, or violence by either side—also can lead to difficulties in working successfully under a conflict.

Contract administration includes carrying out the terms of the agreement and resolving conflicts over interpretation or violation of the agreement. Under a labor contract, the process for resolving these conflicts is called a **grievance procedure**. This procedure has a key influence on success in contract administration. A grievance procedure may be started by an employee or discharged employee who believes the employer violated the contract or by a union representative on behalf of a group of workers or union representatives.

For grievances launched by an employee, a typical grievance procedure follows the steps shown in Figure 14.7. The grievance may be settled during any of the four steps. In the first step, the employee talks to his or her supervisor about the problem. If this conversation is unsatisfactory, the employee may involve the union steward in further discussion. The union steward and employee decide whether the problem has been resolved and, if not, whether it is a contract violation. If the problem was not resolved and does seem to be a contract violation, the union moves to step 2, putting the grievance in writing and submitting it to a line manager. The union steward meets with a management representative to try to resolve the problem. Management consults with the industrial relations staff and puts its response in writing too at this second stage. If step 2 fails to resolve the problem, the union appeals the grievance to top line management and representatives of the industrial relations staff. The union may involve more local or international officers in discussions at this stage (see step 3 in Figure 14.7). The decision resulting from the appeal is put into writing. If the

Grievance Procedure

The process for resolving union-management conflicts over interpretation or violation of a collective bargaining agreement.

**Figure 14.7**

Steps in an Employee-Initiated Grievance Procedure

SOURCES: Adapted from T. A. Kochan, *Collective Bargaining and Industrial Relations* (Homewood, IL: Richard D. Irwin, 1980), p. 395; and J. A. Fossum, *Labor Relations* (Boston: McGraw-Hill/Irwin, 2002), pp. 448–52.

grievance is still not resolved, the union may decide (step 4) to appeal the grievance to an arbitrator. If the grievance involves a discharged employee, the process may begin at step 2 or 3, however, and the time limits between steps may be shorter. Grievances filed by the union on behalf of a group may begin at step 1 or step 2.

The majority of grievances are settled during the earlier steps of the process. This reduces delays and avoids the costs of arbitration. If a grievance does reach arbitration, the arbitrator makes the final ruling in the matter. Based on a series of Supreme Court decisions, courts generally avoid reviewing arbitrators' decisions and focus only on whether the grievance involved an issue that is subject to arbitration under the contract.⁴³

Employers can judge a grievance procedure in terms of various criteria.⁴⁴ One consideration is effectiveness: how well the procedure resolves day-to-day contract questions. A second basic consideration is efficiency: whether it resolves issues at a reasonable cost and without major delays. The company also should consider how well the grievance procedure adapts to changing circumstances. For example, if sales drop off and the company needs to cut costs, how clear are the provisions related to layoffs and subcontracting of work? In the case of contracts covering multiple business

units, the procedure should allow for resolving local contract issues, such as work rules at a particular facility. Companies also should consider whether the grievance procedure is fair—whether it treats employees equitably and gives them a voice in the process.

From the point of view of employees, the grievance procedure is an important means of getting fair treatment in the workplace. Its success depends on whether it provides for all the kinds of problems that are likely to arise (such as how to handle a business slowdown), whether employees feel they can file a grievance without being punished for it, and whether employees believe their union representatives will follow through. Under the National Labor Relations Act, the union has a *duty of fair representation*, which means the union must give equal representation to all members of the bargaining unit, whether or not they actually belong to the union. Too many grievances may indicate a problem—for example, the union members or line supervisors do not understand how to uphold the contract or have no desire to do so. At the same time, a very small number of grievances may also signal a problem. A very low grievance rate may suggest a fear of filing a grievance, a belief that the system does not work, or a belief that employees are poorly represented by their union.

What types of issues most commonly reach arbitration? According to data from the Federal Mediation and Conciliation Service, the largest share of arbitration cases involved discharge or other disciplinary actions.⁴⁵ Other issues that often reach arbitration involve wages, benefits, layoffs, work schedules, and management's rights. In reaching decisions about these and other issues, arbitrators consider a number of criteria, such as employees' understanding of the rules, the employer's consistency and fairness, and the employees' chance to present a defense and appeal a decision.⁴⁶

L07 Describe more cooperative approaches to labor-management relations.

Labor-Management Cooperation

The traditional understanding of union-management relations is that the two parties are adversaries, meaning each side is competing to win at the expense of the other. There have always been exceptions to this approach. And since at least the 1980s, there seems to be wider acceptance of the view that greater cooperation can increase employee commitment and motivation while making the workplace more flexible.⁴⁷ Also, evidence suggests that employees who worked under traditional labor relations systems and then under the new, more cooperative systems prefer the cooperative approach.⁴⁸ For an example of a company where employees have enjoyed this difference, see the “Best Practices” box.

Cooperation between labor and management may feature employee involvement in decision making, self-managing employee teams, labor-management problem-solving teams, broadly defined jobs, and sharing of financial gains and business information with employees.⁴⁹ The search for a win-win solution requires that unions and their members understand the limits on what an employer can afford in a competitive marketplace.

Without the union's support, efforts at employee empowerment are less likely to survive and less likely to be effective if they do survive.⁵⁰ Unions have often resisted employee empowerment programs, precisely because the programs try to change workplace relations and the role that unions play. Union leaders have feared that such programs will weaken unions' role as independent representatives of employee interests. Indeed, the National Labor Relations Act makes it an unfair labor practice for an employer to “dominate or interfere with the formation or administration of any labor organization or contribute financial or other support to it.”

UNION MEMBERS VALUED AT MIDWEST MECHANICAL

Midwest Mechanical started out as a family owned plumbing and heating contractor in Kansas City, Missouri. Under its third-generation owner, Tom Sanders, the company launched into a phase of tremendous growth, opening affiliates in New Jersey, Nevada, and Nebraska and tackling bigger, more complex projects. As so often happens during a period of rapid change, management responded with strict rules and tight controls. Unfortunately, that shifted the company's culture. Michael Kotubey, who joined the company in 2004 and eventually became its president, says Midwest Mechanical became a "stifling" environment where management "stopped believing in our people."

Fortunately, though, the unionized company changed its culture after performance began to suffer. Based on management's belief that "people will aspire to greatness if given the opportunity," the company began replacing strict rules with high expectations and active communication about the

company's progress and performance. It encourages creativity and employee suggestions through its Innovator of the Year and Innovation of the Year awards. Recently, the winning innovators were plumbers in Midwest's fabrication shop who developed a series of process improvements. Tangible evidence of Midwest's commitment to communication is its new headquarters, designed to be energy efficient and to bring together the company's fabrication shop, office, and warehouse, along with a Gathering Room for meetings and celebrations.

Midwest Mechanical is committed to support for training of its employees, both in trade skills and in safety. Workers receive their training through the unions with which the company is affiliated. Various employees serve as trainers themselves in union-run training programs. That role provides a strong, positive connection between the company and its "union labor partners."

Finally, employees know that they have a real stake in the company's success. Employees, including union employees who are eligible, own shares of Midwest stock through its employee stock ownership plan (ESOP). Every employee who meets the eligibility requirements is automatically enrolled.

Efforts such as these are aimed at supporting the company's core values of integrity, teamwork, quality craftsmanship, and entrepreneurial spirit. Those qualities may sound difficult to promote in a company where many of the workers are union members, but Midwest Mechanical is making it work.

Sources: Katie Rotella, "2009 PM's Best Contractor to Work For: Midwest Mechanical Contractors, Kansas City, MO," *Plumbing & Mechanical*, January 2010, Business & Company Resource Center, <http://galenet.galegroup.com>; and Midwest Mechanical Contractors, corporate Web site, www.mmckc.com, accessed May 4, 2010.

Although employers must be careful to meet legal requirements, the NLRB has clearly supported employee involvement in work teams and decision making. For example, in a 2001 ruling, the NLRB found that employee participation committees at Crown Cork & Seal's aluminum-can factory did not violate federal labor law.⁵¹ Those committees make and carry out decisions regarding a wide range of issues, including production, quality, training, safety, and certain types of discipline. The NLRB determined that the committees were not employer dominated. Instead of "dealing with" management, where employees make proposals for management to accept or reject, the committees exercise authority within boundaries set by management, similar to the authority of a first-line supervisor. In spite of the legal concerns, cooperative approaches to labor relations likely contribute to an organization's success.⁵²

Beyond avoiding any taint of misuse of employee empowerment, employers build cooperative relationships by the way they treat employees—with respect and fairness, in the knowledge that attracting talent and minimizing turnover are in the employer's

best interests. One company that does this is General Cable's Indianapolis Compounds plant, where teams of employees, represented by the International Brotherhood of Electrical Workers, continually seek ideas to improve quality and cut inefficiency. Terry Jones, a team coordinator and union representative, says these efforts reflect "a shared attitude that's driving the push for continuous improvement."⁵³

thinking ethically

IS COMMUNICATING ENOUGH?

Recently, the *San Fernando Valley Business Journal* named Alma Quintero one of its Top Human Resources Professionals of the Year. A major reason she was nominated and received the prize had to do with her handling of her employer's relationship with its employees attempting to organize a union.

Quintero is director of human resources for the Hilton Los Angeles North–Glendale hotel. When she arrived at the organization, she found that workers were divided between some who wanted to be represented by the union, Unite Here Local 11, and others who were not interested in a union. Furthermore, union supporters were bitter about what they saw as unfair practices by the hotel. The union staged demonstrations and maintained a boycott of the hotel for almost two years.

While the hotel's management insisted that it was taking a neutral stance during the organizing effort, some employees complained that they felt harassed for their interest in a union. At one point, the National Labor Relations Board filed a complaint alleging intimidation, which the hotel settled. What one employee called "anti-union letters stapled to our paychecks," a Hilton spokesperson called an effort to help employees "get all the facts before they make their decisions."

Throughout that time, Quintero maintained an ongoing role in the negotiations and committed herself to communicating with employees frequently on what occurred during negotiations, trying to help them

"stay focused and do their job." Eventually, the sides reached a representation agreement, and the union's boycott ended.

SOURCES: Jeff Weiss, "Alma Quintero: Hilton Los Angeles North, Glendale," *San Fernando Valley Business Journal*, March 30, 2009, p. 39; "Hotel Workers Sign Contract," *San Fernando Valley Business Journal*, June 23, 2008, Business & Company Resource Center, <http://galenet.galegroup.com>; and Eugene Tong, "Union, Lawmakers Rally for Federal Labor Reforms," *Daily News (Los Angeles)*, February 23, 2007, Business & Company Resource Center, <http://galenet.galegroup.com>.

Questions

1. How does a union's organizing drive affect the interests of an organization's employees, owners, and customers? From an ethical perspective, which of these interests should the company's HR staff try to protect?
2. In this example, Alma Quintero was applauded for communicating with employees. What are some of the *ethical* requirements of communicating with employees during a union's organization effort? Which of these are also *legal* requirements?
3. In communicating with employees, Quintero says her goal was to give full information about the negotiations. What else would Quintero need to do to ensure that the hotel was treating workers fairly during this time—or is information all that Quintero owed the employees?

SUMMARY

LO1 Define unions and labor relations and their role in organizations.

A union is an organization formed for the purpose of representing its members in resolving conflicts with employers. Labor relations is the management specialty emphasizing skills that managers and union leaders can use to minimize costly forms of conflict and to seek win-win solutions to

disagreements. Unions—often locals belonging to national and international organizations—engage in organizing, collective bargaining, and contract administration with businesses and government organizations. In the United States, union membership has been declining among businesses but has held steady with government employees. Unionization is associated with more generous compensation

and higher productivity but lower profits. Unions may reduce a business's flexibility and economic performance.

- LO2 Identify the labor relations goals of management, labor unions, and society.

Management goals are to increase the organization's profits. Managers generally expect that unions will make these goals harder to achieve. Labor unions have the goal of obtaining pay and working conditions that satisfy their members. They obtain these results by gaining power in numbers. Society's values have included the hope that the existence of unions will replace conflict or violence between workers and employers with fruitful negotiation.

- LO3 Summarize laws and regulations that affect labor relations.

The National Labor Relations Act supports the use of collective bargaining and sets out the rights of employees, including the right to organize, join a union, and go on strike. The NLRA prohibits unfair labor practices by employers, including interference with efforts to form a labor union and discrimination against employees who engage in union activities. The Taft-Hartley Act and Landrum-Griffin Act establish restrictions on union practices that restrain workers, such as their preventing employees from working during a strike or determining who an employer may hire. The Taft-Hartley Act also permits state right-to-work laws.

- LO4 Describe the union organizing process.

Organizing begins when union representatives contact employees and invite them to sign an authorization card. If over half the employees sign a card, the union may request that the employer voluntarily recognize the union. If the employer refuses or if 30 to 50 percent of employees signed authorization cards, the NLRB conducts a secret-ballot election. If the union wins, the NLRB certifies the union. If the union loses but the NLRB finds that the election was not conducted fairly, it may set aside the results and call a new election.

- LO5 Explain how management and unions negotiate contracts.

Negotiations take place between representatives of the union and the management bargaining unit.

The majority of negotiations involve parties that have been through the process before. The process begins with preparation, including research into the other side's strengths and demands. In the early stages of negotiation, many more people are present than at later stages. The union presents its demands, and management sometimes presents demands as well. Then the sides evaluate the demands and the likelihood of a strike. In the final stages, pressure for an agreement increases, and a neutral third party may be called on to help reach a resolution. If bargaining breaks down, the impasse may be broken with a strike, mediation, fact finder, or arbitration.

- LO6 Summarize the practice of contract administration.

Contract administration is a daily activity under the labor agreement. It includes carrying out the terms of the agreement and resolving conflicts over interpretation or violation of the contract. Conflicts are resolved through a grievance procedure. Typically, the grievance procedure begins with an employee talking to his or her supervisor about the problem and possibly involving the union steward in the discussion. If this does not resolve the conflict, the union files a written grievance with a line manager, and union and management representatives meet to discuss the problem. If this effort fails, the union appeals the grievance to top line management and the industrial relations staff. If the appeal fails, the union may appeal the grievance to an arbitrator.

- LO7 Describe more cooperative approaches to labor-management relations.

In contrast to the traditional view that labor and management are adversaries, some organizations and unions work more cooperatively. Cooperation may feature employee involvement in decision making, self-managing employee teams, labor-management problem-solving teams, broadly defined jobs, and sharing of financial gains and business information with employees. If such cooperation is tainted by attempts of the employer to dominate or interfere with labor organizations, however, such as by dealing with wages, grievances, or working conditions, it may be illegal under the NLRA. In spite of such legal concerns, cooperative labor relations seem to contribute to an organization's success.

KEY TERMS

agency shop, p. 429	corporate campaigns, p. 438	National Labor Relations Act (NLRA), p. 430
American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), p. 423	craft union, p. 422	National Labor Relations Board (NLRB), p. 433
arbitration, p. 444	fact finder, p. 443	right-to-work laws, p. 432
associate union membership, p. 437	grievance procedure, p. 444	strike, p. 442
checkoff provision, p. 429	industrial union, p. 423	union shop, p. 429
closed shop, p. 429	labor relations, p. 421	union steward, p. 423
collective bargaining, p. 438	maintenance of membership, p. 429	unions, p. 421
	mediation, p. 443	

REVIEW AND DISCUSSION QUESTIONS

1. Why do employees join labor unions? Did you ever belong to a labor union? If you did, do you think union membership benefited you? If you did not, do you think a union would have benefited you? Why or why not?
2. Why do managers at most companies prefer that unions not represent their employees? Can unions provide benefits to an employer? Explain.
3. How has union membership in the United States changed over the past few decades? How does union membership in the United States compare with union membership in other countries? How might these patterns in union membership affect the HR decisions of an international company?
4. What legal responsibilities do employers have regarding unions? What are the legal requirements affecting unions?
5. Suppose you are the HR manager for a chain of clothing stores. You learn that union representatives have been encouraging the stores' employees to sign authorization cards. What events can follow in this process of organizing? Suggest some ways that you might respond in your role as HR manager.
6. If the parties negotiating a labor contract are unable to reach an agreement, what actions can resolve the situation?
7. Why are strikes uncommon? Under what conditions might management choose to accept a strike?
8. What are the usual steps in a grievance procedure? What are the advantages of resolving a grievance in the first step? What skills would a supervisor need so grievances can be resolved in the first step?
9. The "Best Practices" box near the end of the chapter gives an example of union-management cooperation at Midwest Mechanical. What does the company gain from this effort? What do workers gain?
10. What are the legal restrictions on labor-management cooperation?

BUSINESSWEEK CASE

BusinessWeek U.S. Labor Lobbies European Management

The Service Employees International Union [planned to] picket the annual meeting of French food-service group Sodexo in Paris on January 25 [2010] as U.S. unions take their organizing efforts abroad. Sodexo, which employs 380,000 people worldwide including 110,000 in the U.S., is "engaging in behavior around the world that would not be acceptable in their home country," says Mitch Ackerman, an SEIU executive vice-president who heads the Washington-based union's property services division.

With more than 5 million Americans now employed by foreign-owned companies, U.S. labor unions are starting to export their grievances. In industries ranging from food service to telecommunications, foreign companies are coming under attack in their home countries from American unions, which are teaming up with local labor groups to criticize the companies' U.S. labor practices.

The SEIU alleges that Sodexo's U.S. subsidiary has used "harsh" though legal anti-union tactics, such as requiring employees to attend meetings where managers try to dissuade them from unionizing. The union also alleges that some Sodexo employees have been punished for

taking sick days, and that the company's health-insurance plan is too expensive for many workers, who hold kitchen and cleaning jobs in schools, hospitals, military bases, and other facilities.

Sodexo denies those allegations. "Sodexo respects unequivocally the rights of our employees to unionize or not to unionize, as they may so choose," the company says in a statement. "We will not discriminate against any employee for engaging in union organizing activities or otherwise supporting a union."

Sodexo provides paid sick leave for full-time employees, who account for 75 percent of its U.S. workforce, the company says. It says 60 percent of full-time U.S. employees have enrolled in Sodexo's health insurance plan, under which two-thirds of premiums are paid by the company. In a 2008 survey conducted for Sodexo by employee-benefits consulting group Hewitt, "Eighty-six percent of our American employees said our company compared favorably with our competitors," the company says.

According to Ackerman, SEIU is hoping its complaints will cause a stir in France, which offers universal public health insurance and guarantees the right to unionize and strike in its national constitution. "We want to tell our story to shareholders and to a larger public audience," he says.

Besides protesting at Sodexo's annual meeting, SEIU representatives will hold a press conference with French union members and representatives of UNISON, a British labor union. The British union represents hospital workers who staged a two-day strike this month against Sodexo in North Devon that resulted in the company's agreeing to better pay and benefits.

SEIU is one of at least three U.S. unions targeting foreign employers. The Washington-based Communications Workers of America, which is trying to organize U.S. employees of cellular provider T-Mobile, formed a partnership last November with German union Ver.di to exert pressure on T-Mobile's German owner, Deutsche Telekom. In Britain, retail chain Tesco has been targeted by the Washington-based United Food and Commercial Workers, which is attempting to organize employees of Tesco-owned Fresh & Easy markets in the western U.S.

When foreign companies set up shop in the U.S., Ackerman says, "We want to hold them accountable in their home countries."

SOURCE: Excerpted from Carol Matlack, "U.S. Labor Takes Its Case to European Bosses," *BusinessWeek*, January 22, 2010, www.businessweek.com.

Questions

1. How does the SEIU's plan give Sodexo's U.S. workers influence they might not have outside of a union? Do you think the effort described in this case will benefit these workers? Why or why not?
2. What do the SEIU's goals seem to be with regard to Sodexo? What would you expect Sodexo's goals to be in this situation?
3. Should Sodexo's U.S. employees receive benefits similar to benefits received by employees at the company's headquarters in France? Why or why not? Write a paragraph expressing your views to Sodexo's management, and then write a paragraph presenting these views to the SEIU.

Case: Boeing's Prickly Relationship with Its Unions

Boeing's headquarters is in Chicago, but until recently at least, the hub of its commercial-aircraft business was in the state of Washington. That changed when Boeing bought a South Carolina factory that had been making sections of the fuselage for Boeing's 787 Dreamliner, as well as a stake in an adjoining factory making 787 subassemblies. Eventually, amid talk that the South Carolina legislature would provide tax incentives worth \$450 million, Boeing announced that it would be building a second 787 assembly line in South Carolina. It planned to start production in 2011.

Boeing has not been shy about saying the International Association of Machinists and Aerospace Workers, which represents workers at the Everett, Washington, assembly plant, bears much of the responsibility. During the past twenty years, the union has called several strikes. With the company way behind schedule in 2008, a strike by the Machinists set production back another eight weeks, costing Boeing \$2 billion and leading some customers to

cancel their orders and buy from rival Airbus. In addition, the union recently refused to accept concessions in negotiating a new contract. The Machinists blame Boeing for presenting vague contract requirements, a charge the company denies. Boeing's Jim Proulx told reporters that strikes in Washington mattered: "Repeated labor disruptions have affected our performance in our customers' eyes. We have to show our customers we can be a reliable supplier to them."

With regard to bargaining, Boeing and the Machinists had different requirements for the contract. Among other demands, the union wanted wage increases of 3 percent per year plus cost-of-living raises, and it wanted a guarantee that future airplane construction would occur in Washington. Boeing was willing to grant pay raises of 2 percent per year and wouldn't commit to where future planes would be constructed. Boeing wanted union members to start sharing the cost of health insurance; the union said it would start to do so in 2018. The union

claims Boeing wasn't clear about its requirements during bargaining, but only after announcing the move to South Carolina. Boeing's second-largest union, the Society of Engineering Employees in Aerospace (SPEEA), echoes that complaint. Boeing says the reason is that it had no complaints with the SPEEA.

Even without complaining about the Machinists, Boeing can cite economic advantages to employing workers in South Carolina. Most workers at the South Carolina plant will make roughly \$14 to \$15 per hour, compared with \$26 for Machinists in Washington. One reason for the lower rate is that the South Carolina employees have less experience in the industry. Workers in Charleston also recently voted to decertify the Machinists as their union. Because South Carolina is a right-to-work state with one of the nation's lowest rates of unionization, the chance for future union organizing is not great. Together, these facts suggest that Boeing doesn't have to worry about strikes at its South Carolina facilities. The Machinists, for their part, say their highly skilled workers in Washington have been fixing problem after problem introduced by the company's suppliers, so using nonunion labor carries its own costs. In fact, Boeing did recently take control of operations at a subcontractor in Charleston that experienced delays and quality problems. Tom Wroblewski, president of Machinists district that represents Boeing workers, told a reporter, "If they continually offload and go into areas of nonskilled workers, they're just not going to have that quality product."

Perhaps the Machinists have a point, but Boeing seems to have the last word. The company recently announced layoffs of over a thousand workers, some of them in the Commercial Airplanes and Defense unit, which makes the 787. Under an agreement with the Machinists, some workers are eligible to volunteer to be laid off with benefits.

SOURCES: John Gillie, "Boeing Fallout to Take Time," *News Tribune* (Tacoma, WA), November 8, 2009, Business & Company Resource Center, <http://galenet.galegroup.com>; "S.C. May Benefit from Supplier Plan," *Post and Courier* (Charleston, S.C.), December 9, 2009, Business & Company Resource Center, <http://galenet.galegroup.com>; "Advantage Dixie; Aviation and the South," *The Economist*, January 9, 2010, Business & Company Resource Center, <http://galenet.galegroup.com>; Dean Foust and Justin Bachman, "Boeing's Flight from Union Labor," *BusinessWeek*, November 6, 2009, www.businessweek.com; and "Boeing Announces 1,020 Layoffs," *UPI NewsTrack*, February 20, 2010, Business & Company Resource Center, <http://galenet.galegroup.com>.

Questions

1. What are the advantages to Boeing of its non-union South Carolina workforce? Of its unionized Washington workforce?
2. If a Boeing human resource manager transferred from a Washington facility to a South Carolina facility, what differences could he or she expect in the department's work?
3. Could Boeing and the Machinists develop a more cooperative working relationship in Washington? Why or why not? What could Boeing do to encourage cooperation?



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- Chapter learning objectives

Application

- Manager's Hot Seat segment: "Partnership: The Unbalancing Act"
- Video case and quiz: "Hollywood Labor Unions"
- Self-Assessment: Labor relations
- Web exercise: Understanding unions
- Small-business case: Republic Gets Serious

Practice

- Chapter quiz

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