Chapter 13
Working Effectively with Labor

A MANAGER’S PERSPECTIVE

Jose senses a tightening in his stomach as he pulls into the driveway leading to the furniture manufacturing plant where he has been employed as a supervisor for the past six years. Seeing the line of workers carrying picket signs reminds him that the day ahead will not be easy. Many of the people carrying signs are personal friends who began a labor strike last week. The employees he supervises are members of a labor union seeking increased pay and benefits. So far, management has refused to meet the union’s demands, and the two sides are still far apart in agreeing on a new labor contract.

As he inches through the picket line, Jose wonders what the plant would be like without the union. He knows that the overall trend has been toward fewer and fewer employees being organized into unions. Jose wonders whether the union has really helped improve life for the plant employees. Are they treated better because of the union? Do they make more money? Does the union offer protection from being fired without cause? Is Jose’s own situation better or worse because of unions? What would happen if the workers voted to get rid of the union?

Jose parks his car and walks to his office. As he listens to his telephone messages, he is surprised to hear a message from a newspaper reporter who wants to talk to him. The reporter is doing a story about a proposed change to the law that would make it easier to organize unions. Jose’s mind quickly races back to his early days with the furniture manufacturer. Line employees had just begun to talk about forming a union. Jose and other supervisors learned about things they were prohibited from saying and doing to resist the union efforts. In the end the employees voted to organize the union. Jose knows that the proposed legal change would make it so that a union would be recognized once a majority of employee had signed cards supporting it, and that elections would no
Suppose you are listening to a conversation between Jose and other supervisors at the furniture plant. The following statements are made in the conversation. Which of the statements do you think are true?

- Workers who are represented by unions usually make more money than workers who are not represented by unions.  
- Organizations with employees who are represented by a union invest less money in things like equipment and research.
- Trends show that fewer and fewer employees in the United States are represented by labor unions.
- Threatening to close the plant is an effective method for discouraging employees from voting to join a union.
- Negotiations are most effective when they focus both parties on working together rather than each advocating only its own interests.

THE BIG PICTURE  Effective Organizations Manage Relationships with Organized Labor Unions to Ensure High Productivity and Fair Treatment of Workers

longer be needed. He is uncertain whether this would actually make it easier to form unions.

Thinking about talking to a reporter makes Jose laugh. He has enough problems of his own today. The strike means that few of the employees in his part of the plant will come to work. How will he organize the work processes to get at least something done? He hopes the strike will end quickly. He wonders what is happening in the negotiations. Why do things become so heated and emotional? Shouldn’t there be a better way to arrive at a compensation agreement that is fair to both the company and the employees? The day is just beginning, yet Jose looks forward to getting through it and moving on to future days where he will once again work with his friends who are standing in front of the plant holding picket signs.
LEARNING OBJECTIVES

After reading this chapter you should be able to:

LEARNING OBJECTIVE 1 Explain how unions and organized labor fit with human resource strategies.

LEARNING OBJECTIVE 2 Describe the history of organized labor in the United States, and explain how current trends are affecting labor unions.

LEARNING OBJECTIVE 3 Explain the steps that are involved in organizing a labor union, and describe managerial actions that are appropriate responses to unionization efforts.

LEARNING OBJECTIVE 4 Describe the collective bargaining process.

LEARNING OBJECTIVE 5 Explain the employee grievance process.

How Can Good Labor Relations Make an Organization Effective?

The most common employment relationship is between an individual employee and a large organization. The large organization, of course, has many more resources and much more power than a single individual employee. Throughout history, this imbalance of power has at times led to abuses. Employees with no other work alternatives have sometimes been forced to accept dangerous work for low pay. Abusive managers have unfairly disciplined workers. In order to gain more power, workers have often joined together to form labor unions. A labor union is an organization of workers who work collectively to improve the conditions of their employment. Interactions between employing organizations and labor unions are called labor relations. In many—in fact, most—organizations, employees are not organized into labor unions. Nevertheless, the possibility that employees will organize into unions makes effective labor relations an essential part of almost every business operation.

Relationships between unions and employers are often adversarial. Each side focuses on getting what it feels it deserves from the other. Such relationships frequently prevent unions and employers from working together to improve overall productivity and customer service. The end result is that unions may be seen as harmful to overall productivity and organizational success. A few exceptional organizations have, nevertheless, developed cooperative labor relations. Here, managers and union leaders work together to create high-performing organizations. One example of a company with an effective labor relations strategy is Kaiser Permanente.

Kaiser Permanente is the largest nonprofit health plan in the United States. The organization operates hospitals and medical clinics in various states, including California, Hawaii, Washington, and Maryland. Kaiser has annual revenues of $31 billion and employs over 135,000 people in roles that include physician, nurse, pharmacist, and lab technician.

In the mid-1990s, Kaiser was faced with many union demands. Wage cuts and layoffs had created an adversarial relationship between the organization and as many as 33 different national, international, and local labor
unions. Rather than continue fighting the various unions, Kaiser formed a cooperative relationship with the American Federation of Labor and Congress of Industrial Organizations (AFLCIO), which is a federation—or alliance—of labor unions. The cooperative relationship, known as the Labor Management Partnership, represents a vision of union members and managers working together to improve healthcare delivery. A major feature of the program is frequent meetings between top executives and union officials.3

The Labor Management Partnership seeks to improve competitive performance by making Kaiser a better place to work. In the early days of the partnership, union and management representatives began working together in bargaining task groups to solve problems. These groups focused on finding ways to increase profits rather than arguing about how the profits would be divided between management and employees. Creative resolutions to problems included such things as giving each union a sum of money that it could allocate among employees as it chose.4 Inviting the union to participate more fully in such decisions built a stronger sense of ownership in and loyalty to Kaiser. As a result of working together, managers and union members began to trust one another.

Bargaining groups have now evolved into a collective bargaining agreement that covers the employees who belong to the various unions. The agreement covers issues such as wage increases, work scheduling, and worker safety.5 In many organizations, arriving at a collective bargaining agreement involves argumentative and sometimes lengthy negotiations. Kaiser and its unions avoid this destructive situation by using interest-based negotiation. Rather than staking out claims regarding how money should be distributed, management and unions both present the interests that are important to them. Both sides then work together to find solutions that meet the needs of each side. Important skills for interest-based negotiation include active listening, joint data collection, brainstorming, and facilitative problem solving. Both sides understand that even though their interests sometimes conflict (for example, higher wages might mean less profit to invest in research), they also depend on cooperation to create value that builds a competitive advantage (the ability to deliver quality health services at a good price).6 Strong leaders on both sides help those they represent understand the need for cooperation. Each side follows through on commitments, building a sense of trust that makes future negotiations easier.7 This trust led to the signing in 2005 of the second five-year collective bargaining agreement between Kaiser and the unions. In voting whether to accept the agreement, 92 percent of workers voted their support. The agreement includes specific guarantees, such as annual salary increases of 4.5 percent and increased money for employee training.8 In 2008 the contract was reopened and mutually bargained to raise wages more in some areas and to improve medical benefits for some retirees. Union and management officials also agreed to form teams to help foster cooperation and performance improvement. Once again the overall tone of interaction between management and unions was positive.9

The cooperative atmosphere created by the bargaining agreement helps Kaiser focus on innovations that improve its services. For instance, Kaiser is installing computer terminals in each exam room that can be used to show patients such things as X rays and trends in health status, which dramatically improves patient satisfaction.10 The company also has a massive database that efficiently tracks patient treatments.11 Since the cooperative agreement was
put into place, workplace injuries have fallen by over 20 percent, employee satisfaction has increased 15 percentage points, and Kaiser has achieved cost savings estimated at over $100 million.\textsuperscript{12}

**Building Strength Through HR**

**Kaiser Permanente**

Kaiser Permanente is a health-care delivery organization that operates over 30 hospitals and more than 400 medical office buildings. Human resource management at Kaiser builds competitive strength by

- Adopting a cooperative approach to labor relations that seeks to treat union members as partners rather than adversaries.
- Providing open communication channels so that union members and leaders can make suggestions for improvement.
- Using interest-based negotiation strategies that focus on identifying ways for unions and management to work together to increase profits.

**LEARNING OBJECTIVE 1**

How Are Labor Relations Strategic?

Not all organizations can be expected to benefit as much from cooperative labor relations as Kaiser Permanente. For one thing, unions are more prevalent in some industries than in others. For another, the benefits of working with a union depend to some extent on an organization’s competitive strategy. The effects of union representation on organizational success thus depend on human resource strategy. In general, organizations gain from partnering with unions when their human resource practices have the overall objective of creating a stable workforce where all employees are treated similarly.

A primary objective of unions is to provide employment security and long-term employment. In most cases, a powerful labor union makes it difficult for an organization to dismiss workers.\textsuperscript{13} Unions also encourage organizations to provide training and better develop the specific skills of employees.\textsuperscript{14} Organizations lose their investments in training when workers leave to work for competitors. Unions also tend to oppose workers taking on additional responsibility unless they believe that employees have secure, long-term jobs.\textsuperscript{15} Unions are thus more compatible with organizations that seek to develop long-term relationships with workers.
Another primary objective of unions is to secure fair wages and benefits for all workers. This practice reduces pay differences between workers with different skill levels. The gap between high- and low-performing employees is thus not as high in unionized organizations as in organizations without unions.\(^\text{16}\) Organizations with labor unions also tend to provide more extensive benefits to a greater number of employees.\(^\text{17}\) In short, unions have the effect of creating equality among workers. This means that labor unions fit best with human resource strategies that seek to build solidarity among workers and minimize differences between high and low performers.

Combining differences in terms of employment with differences in equality results in the grid in Figure 13.1. Organizations seeking long-term employment relationships and high levels of equality among workers are most compatible with labor unions. Unions thus seem to be most prevalent, and potentially most beneficial, in organizations pursuing a Loyal Soldier HR strategy. In contrast, unions tend to be incompatible with organizations that combine a desire for short-term relationships with an emphasis on recognizing performance differences. Organizations with a Free Agent HR strategy thus seem to have the most difficulty working cooperatively with labor unions.

An example of the difficulty with a Free Agent HR strategy occurred a few years ago at Nordstrom. The fashion retailer has a competitive strategy of differentiation, which it pursues by providing quality clothing and outstanding, personalized service. Great service comes from hiring high-performing sales representatives who act as entrepreneurs to build personal relationships with customers. The work environment at Nordstrom provides high incentives for top performers. However, some Nordstrom employees were covered by the United Food and Commercial Worker Union, and the union asserted that sales representatives were being pressured not to record all hours worked.\(^\text{18}\) This meant that the sales representatives were often not receiving hourly compensation for the time that they worked to make deliveries and service the requests of loyal customers. Many representatives were willing to do this because incentives made their overall level of pay higher than that paid by competing retailers. Nevertheless, the union filed complaints of unfair labor practices and forced the company to change some of its timekeeping

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**Figure 13.1** Human Resource Strategy and Labor Unions.
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and compensation practices. The changes made in response to the union complaint minimized some of the variation in pay between high- and low-performing employees and made it more difficult for Nordstrom to carry out its Free Agent HR strategy.

Unions can create problems for organizations pursuing Committed Expert HR strategies as well. Organizations with unionized employees tend to invest less of their profits back into the business, because a higher percentage of the profit goes to employees in the form of higher wages. Unionized organizations generally spend less on constructing new buildings, for example. They also tend to spend less on research and development, which can be a particular problem for organizations seeking to innovate and differentiate products and services. Such reductions in investment may not be universal, as research found that the presence of unions in Germany does not correspond with decreased investment. Nevertheless, evidence suggests that investment decreases with the type of union most frequently organized in the United States. Thus, even though companies using Committed Expert HR strategies emphasize long-term relationships, this strategy is not altogether compatible with unions.

Labor unions do have the potential to make a positive contribution to organizations pursuing Loyal Soldier HR strategies. Even though labor costs

### Building Strength Through HR

**MidState Medical Center**

MidState Medical Center is a 130-bed hospital located in central Connecticut that employs 926 workers. Approximately 30 percent of the employees are nurses who are represented by the National Union of Hospital and Health Care Employees/AFSCME (American Federation of State, County and Municipal Employees). MidState works with union members to provide excellent healthcare and has been ranked nationally as a “Great Place to Work.” Nurse turnover at MidState is less than half the statewide average. Specific actions that help MidState excel with a unionized workforce are the following:

- Top management respects union leaders and seeks to develop a sense of trust.
- Grievances are addressed quickly to resolve employee concerns.
- Cooperative negotiations have included reopening a contract to increase pay when it became apparent that wage rates were lagging behind competitors.
- Nurses are treated as contributing individuals who have access to information and participate in decision making.

- Management meets its obligations to the union but in some instances operates by bypassing the union and directly meeting the needs of employees.

tend to be higher for unionized organizations,24 the benefits of a stable workforce help maintain quality. For instance, having unionized nurses helps hospitals in California save the lives of heart attack victims.25 An example of an organization that benefits from cooperative union interactions is United Parcel Service (UPS). UPS employees are represented by the International Brotherhood of Teamsters, which represents workers in the transportation and freight industries. Although at times, relations between UPS and the Teamsters Union have been strained, the union has helped influence the company to provide high pay and benefits, which in turn help the company hire and retain good employees.26 In the end, then, the Teamsters Union supports human resource practices that help UPS achieve its Loyal Soldier HR strategy. Because of increased quality, along with savings in other areas, the higher labor rates for unionized workers do not compromise the ability to competitively produce goods and services.27 Cost-focused organizations can thus achieve higher productivity by working with unions to reduce costs and create more efficient processes to better satisfy customer needs.28

Finally, the lack of focus on long-term employment relationships makes labor unions somewhat incompatible with Bargain Laborer HR strategies. Employees who expect to be employed for only a short period of time are less likely to form unions.29

To sum up, as shown in Figure 13.1, labor unions encourage long-term employment, making their interests most similar to the interests of organizations emphasizing internal labor strategies. Unions also tend to emphasize equal treatment for all, which aligns with efforts to retain quality workers but not star performers. As described in the “Building Strength Through HR” feature, simply having a union can improve how the organization treats employees. Working together with labor unions is therefore most compatible with a Loyal Soldier HR strategy, as mentioned earlier, and least compatible with a Free Agent HR strategy. Nevertheless, as we will illustrate throughout this chapter, the nature of the relationship with the labor union is much more critical than the simple existence—or lack of existence—of the union.

CONCEPT CHECK

1. Which HR strategy is most compatible with labor unions?
2. What problems do labor unions pose for organizations with a Free Agent HR strategy?
need for additional recreational facilities can have a much greater impact when they come from a large group than when they come from a single student. In the workplace, similar attempts to work together and improve working conditions often result in the formation of a labor union.

The rise of labor unions in the United States is a relatively recent event. Until the early 1900s, the court system generally saw employment relationships as private agreements between an employer and an individual laborer. Unfortunately, many large employers took advantage of this relationship and forced employees to work in unsafe conditions for long hours at minimal wages. Gradually, labor unions formed and gained strength, and the federal government responded with laws and regulations that significantly influenced the evolution of organized labor in the United States.

THE INFLUENCE OF GOVERNMENT REGULATIONS

An early federal law related to labor unions is the Railway Labor Act (RLA), passed in 1926. The RLA regulated relationships between railroads and unions and still regulates labor relations in the railroad and airline industries. The RLA was the first of a series of laws passed to recognize and regulate labor unions. The main pieces of legislation in this series are known by the names of the legislators who sponsored them and include the Wagner Act, the Taft-Hartley Act, and the Landrum-Griffin Act.

Wagner Act

The most important legislation related to unions is the Wagner Act, which is actually titled the National Labor Relations Act. This federal law was passed in 1935 against a background of conflict over union activities that sometimes escalated to physical violence. Union organizers were trying to convince employees to join unions, and management was resisting these attempts vigorously. Congress took an active role in the labor debate by passing the Wagner Act, which has the central purpose of ensuring that employees have the right to participate in labor unions.30

The Wagner Act specifically gives employees the right to form and join unions and to assist unions in recruiting members. Employees also have the right to bargain collectively, which usually means electing representatives who bargain for the interests of the group. In addition, employees have the right to strike, or collectively refuse to work, to protest unfair labor practices, or to seek higher economic rewards. When they strike, employees have the right to form picket lines. However, employees engaging in a labor strike cannot physically block access to business plants, threaten violence against nonstriking employees, or attack management representatives.

Unfair labor practices

Labor practices on the part of employers or unions that are prohibited by federal law.

The Wagner Act prohibits management from engaging in a number of specific actions, which are labeled unfair labor practices. Some frequently observed unfair practices are shown in Table 13.1. The bottom line is that businesses cannot punish employees who engage in union activities. Business organizations are also prohibited from dominating or illegally assisting unions. In essence, this provision prevents management from helping to create a weak union that it can easily coerce into complying with management requests. Domination is assumed when the business organization takes an active part in organizing the union, or supports the union financially. In addition, all unions trying to organize workers must have equal access to an organization’s
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employees. It is unfair for the organization to allow representatives of one union to meet with employees on work premises but deny the same privilege to other unions, for example.

Under the Wagner Act, employers are required to bargain with unions in good faith. This does not mean that they must accept union demands. Rather, it means that they must make efforts to work with the union to form an agreement outlining relationships between management and workers. Violations of this requirement occur when management refuses to meet with union representatives to discuss issues or refuses to provide information to the union.

A central feature of the Wagner Act was the creation of the National Labor Relations Board (NLRB), which has the duty of enforcing the Wagner Act. The board now consists of five members who are appointed by the president of the United States, subject to Senate approval, to serve five-year terms. As part of a later provision, the president also appoints a General Counsel. In essence, the General Counsel serves as a prosecutor, and the NLRB serves as the judge. The NLRB has two specific purposes. The first is to organize and oversee employee elections that determine whether a union will be formed in a particular workplace. The second is to investigate allegations of unfair labor practices and to provide remedies, if necessary. Currently, 33 regional offices located in major cities across the country carry out the work of the NLRB and the General Counsel.

The Wagner Act is seen primarily as pro-union legislation. It gives unions a right to organize employees and prohibits businesses from retaliating against employees who become involved in unions. It also requires businesses to bargain with unions in good faith.

**Taft-Hartley Act**

Labor unions formed at a rapid pace after the Wagner Act became law. However, many business organizations argued that the Wagner Act had shifted power too far toward unions. In 1947, the Taft-Hartley Act, formally known as the Labor-Management Relations Act, was passed. Taft-Hartley shifted power back toward management interests by creating a list of unfair labor practices for unions. Some of these practices are listed in Table 13.2.

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<tr>
<th>Table 13.1</th>
<th>Unfair Labor Practices for Management</th>
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<td>Threatening employees with loss of jobs or benefits if they join a union</td>
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<td>Threatening to close a plant if a union is organized</td>
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<td>Questioning employees about union activities or membership</td>
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<td>Spying on union gatherings</td>
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<td>Granting wage increases deliberately timed to discourage employees from forming a union</td>
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<th>Table 13.2</th>
<th>Unfair Labor Practices for Labor Unions</th>
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<td>Mass picketing in numbers that physically bar others from entering the plant</td>
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<td>Threatening bodily injury to other employees</td>
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<td>Threatening that employees will lose their jobs unless they support the union</td>
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<td>Entering a contract with an employer when a majority of employees have not chosen the union</td>
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<td>Fining or expelling members for filing unfair labor charges with the NLRB</td>
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National Labor Relations Board (NLRB)

A board of five members appointed by the president of the United States to enforce the Wagner Act.

Taft-Hartley Act

A federal law passed in 1947 that regulates union activities and requires unions to bargain in good faith; formally known as the Labor-Management Relations Act.
The act prohibits labor unions from coercing employees to join and requires unions, like management, to bargain in good faith. And whereas the Wagner Act created guidelines for elections to organize unions, the Taft-Hartley Act describes procedures for removing a union once it is in existence.

The Taft-Hartley Act makes several union practices illegal. One such practice is the secondary boycott, which occurs when a labor union pressures other businesses to stop purchasing goods and services from a business with which the union has a dispute. The act also prohibits “featherbedding,” which occurs when the union requires a business organization to pay employees wages even though the employees are not performing any services.31

Perhaps the most significant issue associated with the Taft-Hartley Act was the prohibition of the closed shop. To clarify this, we need to make the following distinctions:

- A closed shop hires only individuals who are members of a particular labor union.
- A union shop does not require union membership as a condition of hiring but does require employees to join the union once they are on the job.
- An agency shop does not require employees to join the union but requires them to pay service fees to the union.
- An open shop does not require employees to have any relationship with the union.

The Taft-Hartley Act specifically made closed shops illegal. In addition, it provided states with the authority to enact right-to-work laws—laws allowing open-shop arrangements. In essence, right-to-work laws create open shops where employees are not required to join or contribute to a union. As shown in Figure 13.2, currently, 22 states have right-to-work laws.32 Needless to say, unions are not in favor of right-to-work laws. They argue that unions provide many benefits for employees and that nonunion employees who receive these benefits without paying are getting a “free ride.”

The Taft-Hartley Act also created the Federal Mediation and Conciliation Service (FMCS), which is an independent agency of the U.S. government. The agency has the mission of preventing or minimizing the impact of labor disputes. The FMCS cannot enforce laws or regulations but acts as a neutral party and independent mediator. Businesses and unions that are having difficulty negotiating a labor contract can ask the FMCS for mediation assistance. An important part of mediation is making sure that the parties communicate openly with each other.33

**Landrum-Griffin Act**

As labor unions continued to grow and gain power, corrupt leadership became a problem in some unions. Union leaders used their power in unethical ways that denied union members simple rights such as the right to elect union representatives. The Landrum-Griffin Act, formally known as the Labor-Management Reporting and Disclosure Act, was passed in 1959. This act regulates the internal workings of unions and protects union members from abuse by corrupt leaders.34

A major part of the Landrum-Griffin Act is a bill of rights for union members. These rights include the following:

1. All members must have equal rights to nominate and vote for union leaders.
2. The union can only impose fees through democratic procedures.
3. All members must have the right to participate in union meetings.

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**Secondary boycott**

A boycott by unionized employees that is meant to pressure a company not to purchase goods and services from another company that is engaged in a labor dispute with a union; defined as an unfair labor practice.

**Featherbedding**

A practice in which a union requires a company to pay employees wages for work that is not performed; defined as an unfair labor practice.

**Closed shop**

An organization that hires only workers who belong to a certain union.

**Union shop**

An organization that requires workers to join a union as soon as they are hired.

**Agency shop**

An organization that requires employees to pay the equivalent of union dues even if they are not union members.

**Open shop**

An organization that does not require employees to affiliate with or pay dues to the union elected to represent the organization’s employees.

**Right-to-work laws**

State laws that require open-shop labor agreements.

**Landrum-Griffin Act**

A federal law passed in 1959 to prevent corruption and regulate internal union affairs; formally known as the Labor-Management Reporting and Disclosure Act.
Union members who feel that their individual rights are being violated by the union must first try to resolve their complaints by working with the union. However, individuals who are not satisfied with a union’s responses to their claims can eventually bring lawsuits against the union.

The Landrum-Griffin Act also requires unions to report on several aspects of their inner workings. Unions must file copies of their constitutions and bylaws, for example, and must report their financial activities to the Department of Labor. The act also makes it clear that union funds can be used only for the benefit of the union and not for the benefit of individual leaders. Union officials who have been convicted of certain crimes are forbidden from handling money for the union. Misuse of union funds by union leaders is a federal crime.

**CURRENT TRENDS IN ORGANIZED LABOR**

Figure 13.3 shows how the percentage of workers who belong to unions changed between 1950 and 2010. As we previously noted rapid growth in unions followed passage of the Wagner Act. Yet today, only a small fraction of workers in the United States are represented by labor unions. Declining membership is an important current trend in organized labor.

**Declining Union Membership**

As shown in Figure 13.3, in 1950 over one-third of all workers belonged to unions. After that, the percentage steadily declined, reaching only 12 percent in 2010. This trend is probably obvious if you think about the people you know. How many of your friends and acquaintances belong to a labor union? How likely is it that you will join a union when you graduate and accept a job?
There are several explanations for the continuing decline in union membership. Manufacturing, which is a sector with historically highly unionization, has replaced workers with automated processes. In many cases, organizations have moved their manufacturing facilities to foreign countries where labor costs are lower. Jobs remaining in the United States are those that have not traditionally been unionized. Business organizations have also become increasingly hostile toward unions and more sophisticated at fighting attempts to unionize. All of these factors make it more difficult for unions to organize workers, which in turn has led to the substantial decline of union membership.

Declines in union membership are not consistent across all jobs. The most noticeable difference in union representation is between public- and private-sector employees. Figure 13.4 shows that the percentage of unionized employees in the private sector declined from 35 percent in 1950 to about 7 percent in 2010; this drop mirrors the overall decline shown in Figure 13.3. In contrast, the percentage of unionized employees in the public sector grew over the same period. In 2010, over 37 percent of public sector workers were union members. Public-sector jobs with high union representation include teacher, postal worker, bus driver, air traffic controller, police officer, and firefighter.

**Unions in the Public Sector**

The role of labor unions in the public sector is often quite different from the role of unions in the private sector. The Wagner Act, which created a legitimate role for unions in the private sector, does not apply to most public employees. Instead, public-sector union activity is regulated primarily by the laws of the individual states. Many states limit the right of public-sector employees to engage in strikes. Some states prohibit collective bargaining for public-sector employees.

In spite of the limitations imposed on unions in the public sector, a number of factors support the organizing of public workers. Foremost among these factors is the general desire for voice among public-sector employees. That is, these employees want a communication channel where their ideas and input can be used to improve their work lives. Improving their current work situation is particularly important for public-sector employees, who often have specialized skills that are not easily transferred to other organizations. For example,
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where would a firefighter work other than in a fire department? Because public-sector employees have fewer alternative jobs, they are more likely to organize unions to improve their current work situation. Furthermore, because they see themselves as public servants, they are less likely to leave their jobs when they feel dissatisfied.

Another factor is the high profile of many public employees. Citizens are very aware of what, say, firefighters do. Furthermore, they may see themselves as the ultimate employers of firefighters and may be uncomfortable with active efforts to deny them union organization. The result is that public-sector unions experience less resistance. Yet another factor is the exclusive domain of many public-sector endeavors. A school district doesn’t face competition in the same way that a global manufacturer does. Differences in labor costs between unionized and nonunionized workers may thus not be a major issue in the public sector.38 We should note that many public-sector organizations pursue Loyal Soldier HR strategies; given that fact, the high rate of unionization suggests that these organizations match their labor relations strategy to their competitive strategy.

Nevertheless, some trends suggest that public-sector unions are currently facing many of the obstacles that caused the decline of unions in the private sector. Increased pressure to control service costs is pressuring many governments to curtail wage growth. Public sentiment also seems to be shifting toward a less favorable opinion of unions. Many public services are becoming privatized. In sum, although the public sector is still more receptive to unions than the private sector, many trends suggest that even unions representing public employees will need to innovate and find additional ways to contribute and grow in the future.39

Union Responses to Current Trends

Declines in membership have led unions to rethink many of their strategies. In order for unions to continue, they must find new ways of attracting and retaining members. In order to do this many unions are focusing on organizing
part-time and professional workers. For example, medical doctors are increasingly becoming interested in joining labor unions. Unions have also made greater efforts to organize historically disadvantaged workers, such as employees who work in temporary jobs that may last only a single day. An example of potential benefits from unionization of daycare workers is discussed in the “How Do We Know?” feature.

Union responses to current trends suggest that organizations pursuing Committed Expert and Bargain Laborer HR strategies may face more union organization in the future. Nevertheless, in order to be successful in the future, unions will need to innovate. Much of this innovation will likely require more cooperative relationships with organizations. Union leaders must also balance their efforts to not only meet the needs of members but also engage in external activities such as building public political support and making long-term strategic plans. Today though, strategic planning and cooperative relationships between organizations and unions are still the exception rather than the rule.

INTERNATIONAL DIFFERENCES IN ORGANIZED LABOR

Another key for understanding the role of unions is to explore how unions in the United States differ from unions in other countries. Would you be more likely to join a union if you lived in a country other than the United States? Are unions in other countries the same as U.S. unions? Unionization around the world will become increasingly relevant for U.S. organizations as globalization continues and more and more U.S. companies establish workplaces abroad.

How Do We Know?

CAN UNIONS MAKE LIFE BETTER FOR CHILDCARE WORKERS?

Some observers wonder what unions contribute to society today. Do unions really make things better for employees? Or do they make things worse—for example, increasing wages to the point where employers replace union workers with nonunion workers? Gordon Cleveland, Morley Gunderson, and Douglas Hyatt sought answers to these questions. They conducted a survey of 2,062 workers in licensed group childcare centers in Canada. They compared work-life characteristics and rewards for unionized and nonunionized workers.

Childcare workers who were members of a labor union received wages that were 15 percent higher on average than workers who did not belong to unions. They also received better benefits, such as paid vacations and job protection for parental leave. Providers with better qualifications and more skills received higher pay regardless of whether they were members of a union.

The Bottom Line. Unionization in the childcare industry can improve working conditions and provide greater economic rewards for employees. The demand for childcare is sufficient that many consumers appear willing to pay a higher wage rate to union members. The authors conclude that childcare workers represent a group of historically low-paid employees who should respond positively to union organizing attempts.

Union Membership Around the World
Table 13.3 shows the percentage of the work force organized into labor unions, as well as trends in union membership, for a number of countries. The overall percentage ranges from a high of 78 percent in Sweden to a low of 8 percent in France. As you can see, the 12 percent figure for the United States is lower than the percentages for many other countries. Looking at the third column, you can see that the overall percentage of workers organized into labor unions is generally declining throughout the world. The largest decline over the past 35 years was in New Zealand, with consistent declines occurring in Australia, Japan, Ireland, and Austria. The prevalence of unions has substantially increased in Finland, Belgium, Denmark, and Sweden.43

Differences Among Countries
Labor unions in the United States have the overall goal of increasing the economic well-being of workers. U.S. unions thus tend to focus on what are known as “bread-and-butter” issues, such as wages, benefits, and job security. The system of unions is modeled after the court system, with both unions and management striving to represent the rights of their constituents. Although unions in the United States often support specific political candidates, political activism is not their primary purpose. They simply favor candidates who advance their interests in securing economic benefits for laborers.

Unions in some countries are similar to unions in the United States, but unions in other countries are very different. There are two major dimensions

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent Unionized</th>
<th>Percent Change Since 1970</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>12</td>
<td>−11</td>
</tr>
<tr>
<td>Canada</td>
<td>28</td>
<td>−7</td>
</tr>
<tr>
<td>Australia</td>
<td>23</td>
<td>−27</td>
</tr>
<tr>
<td>New Zealand</td>
<td>22</td>
<td>−33</td>
</tr>
<tr>
<td>Japan</td>
<td>20</td>
<td>−15</td>
</tr>
<tr>
<td>Korea</td>
<td>11</td>
<td>−2</td>
</tr>
<tr>
<td>Germany</td>
<td>23</td>
<td>−10</td>
</tr>
<tr>
<td>France</td>
<td>8</td>
<td>−13</td>
</tr>
<tr>
<td>Italy</td>
<td>34</td>
<td>−3</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>29</td>
<td>−16</td>
</tr>
<tr>
<td>Ireland</td>
<td>35</td>
<td>−18</td>
</tr>
<tr>
<td>Finland</td>
<td>74</td>
<td>+23</td>
</tr>
<tr>
<td>Sweden</td>
<td>78</td>
<td>+10</td>
</tr>
<tr>
<td>Norway</td>
<td>53</td>
<td>−4</td>
</tr>
<tr>
<td>Denmark</td>
<td>70</td>
<td>+10</td>
</tr>
<tr>
<td>Netherlands</td>
<td>22</td>
<td>−14</td>
</tr>
<tr>
<td>Belgium</td>
<td>55</td>
<td>+13</td>
</tr>
<tr>
<td>Spain</td>
<td>16</td>
<td>+3</td>
</tr>
<tr>
<td>Switzerland</td>
<td>18</td>
<td>−11</td>
</tr>
<tr>
<td>Austria</td>
<td>35</td>
<td>−27</td>
</tr>
</tbody>
</table>

on which unions differ. One way unions differ is in their focus on economic interests. Unions in some countries are organized with the primary purpose of increasing the wealth of the employees they represent. As we’ve already mentioned, U.S. unions fall into this category. Unions in other countries place only limited emphasis on advancing employees’ financial interests. A second way unions vary across countries is in their focus on political activities. Unions in many European nations are closely aligned with political parties. A good example is the United Kingdom, where the labor party represents a specific political orientation. The main emphasis of affiliated unions is promoting a social agenda that advances the broad interests of workers. Increased wages and benefits are not the primary focus of many union activities. Figure 13.5 summarizes these two dimensions.

Unions in some countries emphasize both economic and political perspectives. In Sweden, for example, labor unions not only represent a major political force but also advance the economic interests of workers. Labor union power is centralized, and strong national unions work closely with government to establish wage rates across entire industries. This combination seems to work well for ensuring the place of unions. As shown in Table 13.3, Sweden has not only a relatively high percentage of workers organized into unions but also positive growth trends in unionization. Current trends, then, seem to suggest that unions have their strongest impact when they combine the economic and political approaches.

The greater acceptance of unions in many foreign countries may affect the United States as businesses become more global. As an example, consider companies headquartered in other countries that have subsidiaries in the United States. In such cases, organizational leaders in countries with opinions more favorable to unions may pressure management in the U.S. subsidiaries to allow and even encourage union organization. These foreign executives can actually be important allies for union organizers.
THE EFFECT OF LABOR UNIONS ON NONUNION WORKERS

Only a small percentage of the U.S. workforce is organized into labor unions, but most employees benefit from the existence of unions. Evidence shows that unionized workers have higher salaries than nonunionized workers performing similar jobs. Union employees working for organizations that are acquired by nonunion organizations lose as much as 8 percent of their annual earnings. In many cases unionized workers also report increased job security and autonomy. However, unionization can also improve working conditions for nonunionized workers.

The relatively high prevalence of unions in the public sector has helped increase wages for all employees, for example, even for employees who are not represented by a union. Furthermore, industries with a higher percentage of workers who are union members tend to pay their nonunion employees higher wages than they would earn in nonunionized industries. Thus, the overall effect of unions is to transfer a larger portion of profits from owners to employees, even when employees are not organized into unions. The threat of having employees join a union is sufficient to increase wages.

The threat of unionization also appears to improve working conditions. Many organizations pursue a strategy of union avoidance. These organizations recognize that dissatisfied employees are more likely to join a labor union, so they work to implement human resource practices that meet employees' needs. Communicating a sense of care and trust for employees is an important part of avoiding union organization. The end result is that satisfaction may be equally high in unionized and nonunionized firms. The mere opportunity for employees to unionize, or to leave to join a unionized firm where they perceive that they will be treated better, appears to help ensure that employees are treated fairly, even if those employees are not themselves union members.

CONCEPT CHECK

1. What major laws regulate labor unions?
2. What are some current trends that are influencing labor unions?
3. How do labor unions in the United States differ from labor unions in other parts of the world?

LEARNING OBJECTIVE 3

How Do Workers Become Part of a Union?

Suppose you want to organize employees where you work into a labor union. What would you need to do? Would all employees be required to join the union? What if a few didn’t want to have the union? Could organizational leaders try to convince employees not to organize a union? We address these questions next.
Chapter 13  • Working Effectively with Labor

UNION ORGANIZING CAMPAIGNS

The Wagner Act established procedures for organizing workers into labor unions, and the NLRB oversees such efforts. This legislation provided unions with legitimacy and created a way for the government to oversee the fairness of union organization efforts. The general procedure for organizing a labor union begins with a campaign to determine whether employees have sufficient interest in forming a union. If they do, an election is held to determine whether a majority of workers want the union. Although lawmakers have recently debated changes to the process, the steps for organizing a union are shown in Figure 13.6.54

Authorization Card Campaign
The first step in organizing a union is to demonstrate that a sufficient number of employees are interested in joining. This is done through an authorization card campaign, in which employees sign cards stating that they wish to hold a secret-ballot election to determine whether a union will be formed. Signature sheets can be used in place of cards. Signing an authorization card or sheet does not necessarily mean that an employee supports the union. The signature just means that the employee supports holding an election. The meaning of the card campaign is, nevertheless, the key focus of many proposed changes to the union certification process. Legislators have introduced bills that would essentially forego elections and recognize unions once a majority of workers have signed authorization cards. This is widely seen as a method of making it easier to organize unions, yet research suggests this may not be true, as workers might be less likely to sign cards if they know that the outcome might be actual adoption of the union rather than just an election.55

An authorization card campaign can be initiated by current employees or by an existing union that is seeking to represent the employees at the particular workplace. For instance, the United Auto Workers might initiate a card campaign to organize employees at an automobile parts manufacturing plant. Or the employees themselves might initiate the campaign. In either case, the cards must identify a specific union, and if an election is held, that election asks whether that particular union should represent the employees.

Representation Petition
Once at least 30 percent of eligible workers have signed authorization cards, a petition to hold an election can be made to the NLRB. However, in many cases, union organizers do not file the petition until they have obtained signatures

Figure 13.6  Steps Organizing a Union.
from at least 50 percent of eligible workers. They do this in hopes that the strong showing of support will convince the business organization to acknowledge the union without an election.

There are some restrictions concerning when representation petitions can be filed. When employees are already represented by a recognized union, and when they are working under a collective agreement that has a total duration of three years or less, a petition for representation by a different union cannot be filed until the period 60 to 90 days preceding the expiration of the agreement. In addition, a representation petition cannot be filed if a representation petition has been filed during the preceding 12 months.

An important consideration in representation petitions is what constitutes a bargaining unit. A **bargaining unit** is defined as two or more employees who share a “community of interest” and may be reasonably grouped together for collective bargaining purposes. The appropriateness of a bargaining unit is often determined by examining job descriptions. For instance, all production employees at a manufacturing plant might be seen as a collective bargaining unit. Because large groups of employees are often difficult to organize, labor unions often prefer small bargaining units. Management may also attempt to thwart unionization by combining employees who are sympathetic to a union with a larger group who are not. The determination of an appropriate bargaining unit can thus be a source of contention between management and the union. Disagreements are heard and settled by the NLRB. Once the bargaining unit has been determined, then a check is made to make sure that at least 30 percent of eligible employees in the unit have signed authorization cards.

**Certification Election**

After receiving a petition for representation, the NLRB conducts a union certification vote. Usually the election is held within 50 days of the petition filing. Managers and supervisors cannot vote in a union election. Security guards are also prohibited from voting, unless the election is for a union to specifically represent security guards as a bargaining unit.

Most elections are held at the work site, but elections can be conducted by mail when employees are spread out geographically. The NLRB conducts the election to make sure that every employee has the opportunity to cast a secret ballot. Union organizers and management are prohibited from campaigning during the election and during the 24-hour period preceding the election. NLRB officials normally count votes in the presence of designated observers from both management and the union.

**Union Certification**

Either management or the union can file an objection within seven days of an election. Objections concern allegations of unfair labor practices committed by the other side to unduly influence employees. A union might be accused of physically intimidating voters, for example, or management might be accused of threatening to close a plant if the union wins the election.

Evidence supporting and refuting objections to the election is heard by the NLRB, which issues a final ruling concerning the validity of the election results. The union is certified if the NLRB determines that at least 50 percent of employees in the bargaining unit voted in favor of the union. The business organization is then obligated by law to bargain in good faith with the union to arrive at a contract that defines conditions of employment for the represented workers.
DECERTIFICATION CAMPAIGNS

The Taft-Hartley Act provides guidelines for employees to end their affiliation with the union. A vote to remove a union is known as a decertification election. In general, the procedures are similar to the procedures for certifying a union. Individuals seeking to get rid of the union must obtain signatures of support from at least 30 percent of employees in the bargaining unit. Once enough signatures have been obtained, a petition is filed with the NLRB. The NLRB then holds a secret-ballot election to determine if a majority of bargaining unit employees agree that they should no longer be represented by the labor union.

FACTORS INFLUENCING UNION CAMPAIGNS

Of course, not all union campaigns are successful. In the 1950s, approximately 75 percent of elections supported unionization. This percentage has steadily decreased, and now only about 50 percent of elections result in union certification. In a broader sense only about 16 percent of card campaigns end up with an uncontested contract.

Most employers generally would prefer not to have an election in the first place. What can they do to make it less likely that employees will support initial unionizing attempts? Employees are most likely to support unionizing when they feel that the actions of management leave them powerless. Company policies that don’t show respect for employees, along with ineffective management, frequently lead to union organizing campaigns. Organizations can thus reduce the chance of a union election by instituting effective human resource practices that treat employees fairly.

From the union’s point of view, a number of actions have been shown to increase the likelihood of success in organizing. In general, union organization efforts are more effective when the union clearly seeks to meet the needs of employees rather than pursuing national political agendas. Employees support unions when they feel that the union cares about them and values their contributions. Less centralized control and more supportive relationships are particularly important for women who are deciding whether to support the union. In contrast to men, who focus more on money, women support unions when they have confidence that their efforts with the union will truly be effective in making the organization a better place to work. Women are also more likely to join and support unions when union leadership includes women.

A union that has a record of delivering on promises and leaders who are seen as being in touch with the interests of laborers is more likely to succeed in an organizing campaign. Effective union organizing campaigns also tend to emphasize dignity and fairness rather than simply better wages and benefits. In addition, they often use person-to-person contacting, whereby employees who support the union personally share the message with their friends. The sense of solidarity that comes from joining with people similar in race, gender, and religious identification may also increase the likelihood that employees will support organizing a union.

Another tactic that increases the likelihood that a union campaign will succeed involves convincing management to recognize the union based on authorization cards rather than a secret-ballot election. A union that has obtained signatures of support from at least 50 percent of eligible workers can
directly ask an organization to recognize its right to bargain for employees. A common union strategy is thus to obtain a large number of signatures and then to try to convince the organization that there is enough support to recognize the union without a formal vote. So far an organization is not required to accept the union without a formal vote, but as noted earlier, this is a change being frequently discussed by legislators.

Regardless of union organizing strategies, individual employees differ in their willingness to support and join labor unions. Workers with parents who are more supportive of unions are more likely to support unions themselves. Employees who have had positive experiences with unions are also more likely to vote to participate in a union.

CONCEPT CHECK
1. What steps are required for employees to be organized into a union?
2. How can employees remove a union once it is in place?
3. What factors influence whether a union organizing campaign will be effective?

What Happens During Labor Negotiations and Collective Bargaining?

Once a union has been recognized to represent a group of employees, the next step is to agree on a contract that spells out terms of the relationship between the organization and the workers. The process of agreeing on a labor contract is known as collective bargaining, and it is not always easy. Professional sports represent some of the most high-profile examples of failures in collective bargaining. For instance, the 2004–2005 season of the National Hockey League (NHL) never occurred. Labor negotiations between team owners and the National Hockey League Players’ Association (NHLPA) broke down, and the owners prohibited members of the union—the players—from participating in games. The result was the longest work stoppage in sports history. The labor disagreement lasted 310 days, and a total of 1,230 professional hockey games were canceled. The NHL experience illustrates many of the core activities of collective bargaining, which we examine next.

BARGAINING TOPICS

Negotiations between NHL owners and the players’ union sought agreement on a number of issues, such as fines for player misbehavior, playoff bonuses, free agency, and the salary arbitration process. However, the major source of contention was the owners’ proposal for a salary cap that limited the amount any team could pay players. The owners also sought to impose conditions under which no more than a set percentage of league revenues could be spent on...
player salaries. League owners argued that the cost of operating the league was higher than revenues, which would prevent the league from succeeding financially in the long term. Player salaries represented as much as 75 percent of league expenses, and owners in effect asked players to agree to lower pay. The major sticking point of the 2004–2005 NHL negotiations was therefore wages.

Wages are a mandatory topic for labor negotiations. Mandatory bargaining topics represent issues that the NLRB classifies as fundamental. The NLRB requires management and unions to discuss these issues as part of the collective bargaining process. Wages include things such as minimum salary, bonus payments, and benefits. Other mandatory bargaining topics are hours and working conditions. The topic of hours focuses on work scheduling and includes holidays, vacation time, and shifts. Working conditions encompass safety rules, promotions, layoffs, and grievance procedures. A labor negotiation such as the NHL discussions must thus address the three mandatory topics: wages, hours, and working conditions.

Management and a labor union may choose to discuss some issues that are not related to wages, hours, and working conditions. Issues that parties are allowed but are not obligated to discuss are labeled permissive bargaining topics. For instance, an item of negotiation might be involvement of union members in strategic planning. The union might also wish to negotiate the right to have one of its representatives serve on the company’s board of directors. The “Technology in HR” feature illustrates how the adoption of computerized processes became a permissive bargaining topic in negotiations with the International Longshore and Warehouse Union.

A few topics cannot be discussed in the negotiation process. These illegal bargaining topics include plans to discriminate against employees because of factors such as race and gender. It is also illegal for unions and management to discuss the formation of a closed shop, which would require the company to hire only employees who are already members of the union.

WORK STOPPAGES

The NHL example illustrates a case in which the sides did not come to agreement during bargaining. In most cases, failure to reach agreement results in a work stoppage. The work stoppage can be initiated by either the employer or the union. In the first situation, the work stoppage is a lockout; in the second, it is a strike.

Lockouts

A lockout occurs when an employer shuts down operations during a labor dispute. Members of the union are prohibited from working and are not paid. The NHL owners used a lockout to prevent union members from playing. In the case of the NHL, this had the effect of canceling the games. A lockout can be devastating to a company that is unable to identify and hire workers who are not union members. A lockout also creates financial hardship for employees who are not being paid. During the hockey lockout, as many as 380 players accepted offers to play for lower wages in other leagues located around the world.

Strikes

A strike occurs when union members collectively refuse to perform their jobs. A well-known strike in sports happened when Major League Baseball (MLB) players refused to play during a period in 1994 and 1995. The core issues
What Happens During Labor Negotiations and Collective Bargaining?

The industrial revolution of the late 1800s and early 1900s began a movement to automate production processes for manufactured goods, such as automobiles. The resulting processes emphasized narrow jobs with specific duties and helped create a role for labor unions. Unions protected the interests of workers by promoting job security, fair treatment, and safety. However, recent trends toward automated processes and computerized production are increasingly threatening to replace unionized workers with technology. This situation often creates tension between labor unions and organizations seeking to increase their use of technology.

An example of tension over technology is the International Longshore and Warehouse Union (ILWU). For many years, the ILWU saw the use of computers at marine terminals as a threat to employees’ job security. What would happen to the jobs of marine clerks if technology enabled companies to directly input data into computer systems? The adoption of computerized systems became a critical point in labor negotiations. The ILWU finally agreed to allow more technology in exchange for higher wages, benefits, and pensions.

As expected, a number of marine clerk positions are being replaced by technology. The upside, however, is an increase in other positions. Improved efficiency from computerization has helped increase the number of containers moved at each location. The greater number of containers has in turn created a need for additional manual labor. In addition, the new systems require highly sophisticated inputs from people doing computer programming and maintenance. The end result is that overall union membership has actually grown. Adopting computerized processes has led not to a decline in union members but rather to a shift in work processes. Jobs that were once completed by marine clerks have been replaced by jobs that range from manual to intellectual.


Technology in HR

Replacing Laborers with Computers

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were very similar to the issues surrounding the NHL lockout. Team owners sought to impose a salary cap. Union members rejected the cap. The union and the owners could not arrive at an agreement, which created an impasse. The previous collective bargaining agreement was set to expire, and owners planned to implement the salary cap even though no new agreement had been reached. The players went on strike to prevent the owners from implementing the cap. The strike began in August and caused the cancellation of postseason play, including the World Series. Even President Bill Clinton tried to help negotiate an end to the strike. However, neither side was willing to compromise. Finally, the NLRB ruled that team owners had engaged in an unfair labor practice when they failed to negotiate in good faith. The players then went back to work and started a belated 1995 season.71
A strike is the union action that can be most damaging to an organization. A company without workers is unable to produce goods or services. Of course, a strike is most effective when the work cannot be done by others, such as managers or replacement workers. Striking workers may also take a number of additional actions to pressure the company to agree to their conditions. Workers who are on strike often form picket lines that publicly demonstrate their displeasure with the company. In some cases, members of other unions refuse to cross a picket line. Thus, for example, a company with striking employees may have difficulty receiving and shipping goods, because transportation workers may support the employees’ strike by refusing to cross the picket line to pick up goods or make deliveries. Striking employees may also encourage consumers or other companies not to purchase the company’s goods or services, which is known as a boycott.

A strike can impose hardships on workers as well as employers. Striking workers are not paid, which of course can create financial difficulties. Most unions thus save part of their dues to create a strike fund that can be used to cover living expenses for workers who are participating in a strike.

THE BARGAINING ATMOSPHERE

Effective negotiations involve cooperative attempts to understand and resolve issues from both parties. The NHL and MLB examples both represent relatively poor bargaining atmospheres in which unions and management took adversarial positions instead of working together. The NHL agreement failed to resolve most of the issues brought forth by the players. The labor contract that was finally agreed on included almost all the concessions requested by management. In addition, the overall process did not identify and implement new practices to help management and union members work together to solve revenue problems. Concessions from only one side—the employees in the NHL example—create dissatisfaction with the process and will likely result in conflict and continued disagreement in the next set of negotiations.

MLB labor relations offer an example of what happens when management and a union interact in a negative manner over time. Under NLRB guidelines, management and a union must negotiate to create a new collective bargaining agreement each time the previous agreement expires. Since 1972, professional baseball has had nine collective bargaining agreements expire, and in eight of those cases, a work stoppage occurred. Players have gone on strike five times, and owners have used a lockout three times. The negative relationship between owners and the players’ union stems from mistrust and personality conflicts among lead negotiators from each side. Over the years, negotiators and leaders have allowed their personal dislike for one another to get in the way of effective labor relations. As you can imagine, anger is counter-productive in negotiations and reduces the likelihood that an agreement will be reached. MLB’s negative labor relations atmosphere illustrates how negative interactions compound over years to the point where management and a union become competitive and unable to cooperate with each other.

Truly effective labor relations require the creation of a positive bargaining atmosphere. Table 13.4 provides a list of conditions that have been shown to influence cooperation during collective bargaining. The first condition concerns the degree of trust developed during previous negotiations. Trust is built when each party perceives the other as having honest and moral intentions. In addition, the parties trust one another more when they do not feel
they have been unfairly taken advantage of in past negotiations. The history of fair treatment in past negotiations is thus an important factor in the success of future negotiations. A second important condition of cooperation is the expertise and style of the negotiators. Negotiators who believe that the labor-management relationship can be a win–win association are more cooperative. As described in the “How Do We Know?” feature, cooperative labor relations can be helpful to both employees and organizations.

### Table 13.4 Conditions Influencing Cooperation in Negotiations

<table>
<thead>
<tr>
<th>Degree of Trust Developed During Previous Negotiations</th>
<th>Clarity of Bargaining Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Are intentions honest and moral?</td>
<td>• Which issues are distributive in nature?</td>
</tr>
<tr>
<td>• Have there been instances of past unfairness?</td>
<td>• Which issues are integrative?</td>
</tr>
<tr>
<td>Expertise and Style of Negotiators</td>
<td>Ability to Use Problem-Solving Techniques</td>
</tr>
<tr>
<td>• Is there an expectation of a win–win relationship?</td>
<td>• Are both sides motivated to find a solution?</td>
</tr>
<tr>
<td>• Are noncompeting interests acknowledged?</td>
<td>• Is there social support?</td>
</tr>
</tbody>
</table>


They should cooperate by adopting an integrative approach to bargaining. More cooperative relationships increased employees’ commitment and loyalty to both the union and the bank. Commitment in turn was associated with increased productivity, including better service for customers and lower absenteeism.

### The Bottom Line

Relationships between management and unions are enhanced by sharing information and adopting a cooperative approach to negotiations. More cooperation is good for both the union and the organization. The authors conclude that cooperative labor-management relations do indeed contribute to improved organizational performance.


### How Do We Know? Does Cooperating with Unions Help Organizations Succeed?

Should businesses and organizations really cooperate? Can a cooperative approach promote success without compromising the position of either management or the union? Stephen Deery and Roderick Iverson sought to investigate this issue by assessing labor relations in 305 bank branches located in Australia. They first surveyed management and unions to learn about their practices in such areas as information sharing and bargaining approaches. A year later, they assessed cooperation between management and the union. They also measured employees’ commitment to the organization and loyalty to the union. Performance measures, including quality of service and employee absenteeism, were then tracked for a six-month period.

Results showed that labor relations are more cooperative when management shares information with the union and has practices that are seen as fair. A union adds to the cooperative relationship by adopting an integrative approach to bargaining. More cooperative relationships increased employees’ commitment and loyalty to both the union and the bank. Commitment in turn was associated with increased productivity, including better service for customers and lower absenteeism.
Another condition necessary for cooperation is the ability to clearly distinguish distributive and integrative issues. **Distributive issues** cover areas where rewards and benefits must be divided among parties. Dividing current profits between employees and owners is a distributive issue, for example. In labor negotiations, distributive issues involve competing interests. Here, gains for one party usually come at the expense of the other. **Integrative issues**, in contrast, can result in mutual gains, increasing the overall level of rewards and benefits for everyone. Improving employee safety, for instance, can result in greater benefits for both management and employees. Adopting new work methods to raise productivity can also increase the overall amount of rewards, benefiting both management and workers. Clearly separating distributive and integrative issues allows negotiators to match their bargaining strategies with the nature of the issue, which in turn can reduce conflict and tension.

A final condition that facilitates cooperation is adopting problem-solving techniques. One such technique is for leaders and mediators to ensure mutual motivation, which exists when both sides see the importance of arriving at a cooperative resolution. Another technique is to create a sense of equality so that neither side is allowed to dominate the other. Leaders and external consultants can also provide social support to reduce negative emotions and enhance discussions.

Developing a sense of trust, choosing skilled negotiators, clarifying bargaining issues, and adopting problem-solving techniques are critical ways to increase cooperation. Such cooperation is often essential for quality labor relations. In many cases, the nature of the interaction is more important than the outcome of the negotiation. Managers and unions that adopt a cooperative approach to negotiation are more likely to work together and identify methods of increasing organizational productivity.

**INTEREST-BASED NEGOTIATION**

Interest-based negotiation represents an innovative strategy for collective bargaining. Table 13.5 lists some of the common differences between interest-based and traditional approaches to negotiation. In traditional negotiation, each side stakes out a claim and then pursues the solution that best satisfies its position. Interest-based negotiation is different in that each side explains to the other the factors that are of most interest. The two parties then work together to find the solution that best satisfies the interests of both parties. Interest-based negotiation is an important part of successful labor relations for Kaiser Permanente, described at the beginning of this chapter.

<table>
<thead>
<tr>
<th><strong>Traditional Negotiation</strong></th>
<th><strong>Interest-Based Negotiation</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discredit and attack opponent</td>
<td>Address mutual concerns; focus on issues not past conflicts</td>
</tr>
<tr>
<td>Present and support a position</td>
<td>Explore interests of joint concern</td>
</tr>
<tr>
<td>Pursue a specific bargaining position</td>
<td>Remain open-minded to possibilities</td>
</tr>
<tr>
<td>Use power and pressure to obtain a desired solution</td>
<td>Define solutions acceptable to both parties</td>
</tr>
</tbody>
</table>

What Happens During Labor Negotiations and Collective Bargaining?

Figure 13.7 shows four steps to interest-based negotiation: preparing for negotiations, opening negotiations, using integrative principles, and communicating the bargaining results. Following these four steps can help management and unions develop more effective labor relations. For example, these principles formed the basis for negotiations between the Salt River Project, which is a major utility provider in Phoenix, Arizona, and IBEW Local 266, which is part of the International Brotherhood of Electrical Workers. The process has opened lines of communication and fostered a sense of partnership and mutual respect.79

**Step 1: Prepare for Negotiations**
Interest-based negotiations use data to identify key concerns. Thus, an important part of the preparation stage is for each side to collect as much data as possible. Data should include information about the interests of both sides in the negotiation. Data can be gathered through formal surveys or informal conversations. The data should be framed in a way that illustrates key interests rather than demands made on the other side.

Once data have been gathered, information is shared with the other side. Openly communicating in this way builds trust and is essential to bargaining that focuses on mutual gains. After each party has examined the data provided by the other side, the parties come together to develop a list of rules that they will follow when negotiating. These rules might include such practices as moving away from demands toward discussions of interests.

**Step 2: Open Negotiations**
Negotiations start with each side presenting an opening statement that lists its major interests. This helps negotiators understand what issues are most important. It also clarifies the scope of problems that need to be addressed in the negotiation. An important part of this stage is clearly defining issues so that both sides are assured that they understand one another and are talking about the same concepts.
Chapter 13 • Working Effectively with Labor

A labor contract formally defines much of the relationship between employees and the organization. As might be expected, there are times when one side feels that the behavior of the other violates the agreement. One such situation may arise as a result of discipline procedures. Managers discipline employees for various reasons, including excessive absence or tardiness, violation of safety rules, and failure to perform basic job duties. Employees who feel that they have been unfairly disciplined—or who believe management has violated some other term of the labor contract—can file a grievance. A grievance is a dispute that arises between an employer and employee over the terms of the employment agreement. When a union represents workers, grievance procedures are clearly stated in the formal contract that is negotiated and accepted during collective bargaining.

GRIEVANCE PROCEDURES

Grievance procedures generally follow a multistep process. The number of steps, and the actions associated with each step, vary across organizations. In general, however, the steps move from informal discussions to formal procedures. The multistep process is as follows:

Step 3: Negotiate Using Interest-Based Principles
Once issues have been identified, the next step is to mutually arrive at a resolution for each issue. To do this, negotiators discuss the interests behind the issues. Part of the discussion includes brainstorming, in which the negotiators work together to create a list of potential solutions. They then identify a set of standards that they can use to evaluate the quality of each solution. The standards help the negotiators to determine which of the options best meets the interests of the two parties. Once the negotiators arrive at a consensus decision about what should be done, they clarify the option chosen and acknowledge its choice by writing it down.

Step 4: Communicate Bargaining Results
Once the issues have been identified and solutions have been negotiated, the final step is for management and union representatives to work together to create a joint statement that describes the negotiation process and outcome. The statement acknowledges the important interests that have been addressed from both perspectives. Publicly disseminating the solution increases the parties’ commitment to follow through and implement solutions.

CONCEPT CHECK

1. What topics are negotiated during collective bargaining?
2. How is a lockout different from a strike?
3. What steps are associated with interest-based negotiation?

LEARNING OBJECTIVE 5

What Is the Grievance Process?

A labor contract formally defines much of the relationship between employees and the organization. As might be expected, there are times when one side feels that the behavior of the other violates the agreement. One such situation may arise as a result of discipline procedures. Managers discipline employees for various reasons, including excessive absence or tardiness, violation of safety rules, and failure to perform basic job duties. Employees who feel that they have been unfairly disciplined—or who believe management has violated some other term of the labor contract—can file a grievance. A grievance is a dispute that arises between an employer and employee over the terms of the employment agreement. When a union represents workers, grievance procedures are clearly stated in the formal contract that is negotiated and accepted during collective bargaining.
mediation. The grievance process normally begins when an employee feels that he or she has been treated unfairly and goes to a supervisor with this complaint. In some cases, the initial complaint is made in writing, but often the first step is simply a verbal statement that informs the supervisor of the concern. A majority of grievances are resolved at this first stage.

If the grievance is not resolved at the first step, the employee then moves to a step that involves more people. The employee often obtains help at this point from the union steward, who is a representative of the union that advocates for employees. Many unions also have a grievance committee and national representatives who get involved if a resolution is difficult. From management’s side, additional steps in the grievance process usually involve leaders higher in the organizational hierarchy. Department or division managers listen to appeals, and human resource representatives often play a supporting role.

The final step in most grievance procedures is arbitration, which is a type of judicial process. Although arbitration is not carried out in the court system, the process is very similar to court proceedings. Management and union representatives act much like attorneys to present facts and arguments supporting their side of the disagreement. The arguments are heard by an arbitrator, a neutral third party who has a role similar to that of a judge. After hearing the arguments, the arbitrator makes a ruling, which is usually binding on both parties. Only about 2 percent of grievances actually reach the arbitration stage.80

**DETERMINANTS OF GRIEVANCE FILING**

A number of issues influence whether employees file grievances. One factor is the characteristics of the individual worker. As you might expect, people who file grievances have higher rates of absenteeism and more insurance claims. Workers who are younger, male, educated, and working in skilled jobs are also more likely to file grievances.81

Characteristics of the work environment also influence grievance filing rates. Grievance rates are higher when supervisors emphasize production rather than friendly relationships.82 In addition, the perceived fairness of supervisors has an effect. Organizations with procedures that are seen as fairer have lower grievance rates.83 Thus, training to help supervisors learn how to administer discipline in a fair and consistent manner can lower grievance rates.84

A final influence on grievance filing is union characteristics. Unions tend to initiate grievances that focus on defining the actions associated with particular jobs.85 For instance, a grievance might be filed if an employee is asked to complete tasks that are outside the scope of his or her job.

**GRIEVANCE MEDIATION**

Many organizations have adopted mediation as a step in the grievance process. When mediation is part of the process, it occurs just before arbitration. Mediation is similar in some respects to interest-based negotiation. In most organizations, mediation involves a third party—a mediator—who helps the parties work together to arrive at a mutually beneficial resolution. The process is more informal than arbitration. Each side presents facts, but there are no witnesses or cross-examination, and the mediator does not make a binding decision. In the context of labor relations, mediation is sometimes available as part of the grievance resolution process.
decision. If the parties do not resolve the conflict with the mediator’s help, the issue goes on to arbitration.

Evidence suggests that mediation has long-term benefits. Most organizations see mediation techniques as an effective way to resolve disputes such as grievances.86 Conflict is generally decreased with mediation, and managers, union leaders, and employees learn effective methods of resolving disagreements that make future disagreements easier to resolve.87

**CONCEPT CHECK**

1. What are the common steps associated with filing a grievance?
2. Why do some organizations experience more grievances than others?

**A MANAGER’S PERSPECTIVE REVISITED**

In the Manager’s Perspective that opened the chapter, Jose was thinking about union issues. He was concerned about the strike that was taking place at the plant where he worked as a supervisor. He had also received a phone call from a reporter who was seeking an answer about union organizing issues. Following are the answers to the “What Do You Think?” quiz that followed the Manager’s Perspective. Were you able to correctly identify the true statements? Could you do better now?

1. Workers who are represented by unions usually make more money than workers who are not represented by unions. **TRUE.** Union workers on average make more money than nonunion workers doing the same job.
2. Organizations with employees who are represented by a union invest less money in things like equipment and research. **TRUE.** Unionized firms tend to spend less money on things that support innovation.
3. Trends show that fewer and fewer employees in the United States are represented by labor unions. **TRUE.** Union membership rates have been steadily declining over the past 50 years or so.
4. Threatening to close the plant is an effective method for discouraging employees from voting to join a union. **FALSE.** Threatening to close a plant is an example of an unfair labor practice.
5. Negotiations are most effective when they focus both parties on working together rather than on advocating only their own interests. **TRUE.** Interest-based negotiation is often more effective than traditional adversarial methods.

Even though union influence is weaker than it has been in the past, Jose’s concerns are experienced by many supervisors. A series of laws provide unions with a legitimate role in labor relations. The threat of union organization encourages many other businesses to treat employees more fairly. Understanding important practices associated with union organization, collective bargaining, and grievance procedures is an essential skill for many managers.
LEARNING OBJECTIVE 1

How are labor unions strategic?

Unions fit best with organizations that seek a stable workforce. The emphasis on long-term employment and equal treatment of employees makes unions most compatible with organizations pursuing a Loyal Soldier HR strategy. Organizations with a Free Agent HR strategy often encounter difficulties when their employees are unionized. Union representation is rare in organizations with a Bargain Laborer HR strategy. Lower investment of profits back into the organization can also create problems when employees of organizations pursuing a Committed Expert HR strategy are unionized.

Many workers who are not union members benefit from union activities. Wages are higher in industries that are highly unionized. Threats of union organization also encourage many businesses to treat employees fairly so that they will not vote to join a union.

LEARNING OBJECTIVE 2

How has organized labor evolved over time?

Labor unions became much more common in the United States beginning in the 1930s. The Wagner Act, which was passed in 1935, recognized the right of employees to organize unions. The act created the NLRB, which oversees union election campaigns and allegations of unfair labor practices. The Taft-Hartley Act shifted power back toward businesses by making it illegal for unions to engage in unfair labor practices. The Landrum-Griffin Act regulates internal governance of unions.

Union membership in the United States has been decreasing steadily since the 1950s. Overall, only about 12 percent of U.S. workers are currently organized into unions. Representation is significantly higher in the public sector, with almost 40 percent of the workforce organized into labor unions.

The role of unions in some countries is very different from the role of unions in the United States. U.S. unions focus on bread-and-butter issues, such as wages and working conditions. Unions in many European countries focus more on political activism. Union growth is currently highest in countries, such as Sweden, that focus on both economic issues and political activism.

LEARNING OBJECTIVE 3

How do workers become part of a union?

The NLRB oversees union elections. The first step is to obtain signatures from at least 30 percent of eligible workers. Once the signatures have been obtained, a petition for an election is filed with the NLRB. A certification election then takes place. The union is recognized as the official representative of employees if it receives the support of at least 50 percent of employees in the election. A decertification election can be used to remove a union. The process is very similar to the process for organizing a union.

LEARNING OBJECTIVE 4

What happens during labor negotiations and collective bargaining?

Collective bargaining occurs when a union representing employees negotiates terms of the labor relationship with management. The NLRB requires unions and management to negotiate mandatory issues, which include wages, hours, and working conditions. Negotiations can also include permissive topics but not illegal topics. Work stoppages often occur when unions and management fail to reach agreement. A business can create a work stoppage by using a lockout, while a union can organize a strike.

Collective bargaining is most effective when there is an atmosphere of trust between management and the union. Interest-based negotiation helps build trust and cooperative relationships. This process uses problem-solving techniques to arrive at solutions that are acceptable to both parties. Rather than pursue their own interests, the two sides work together to make real improvements.
What is the grievance process?

Employees may file grievances when they feel they are treated unfairly. Grievance procedures generally follow a series of progressive steps. The first step is an informal discussion with a supervisor. In the next step, union stewards and managers with more authority become involved. The final step is arbitration, in which evidence is heard and an arbitrator makes a binding decision. Some organizations encourage mediation as a nonbinding step right before arbitration.

Key Terms

Agency shop 502  
Arbitration 521  
Authorization card campaign 510  
Bargaining unit 511  
Boycott 516  
Closed shop 502  
Collective bargaining 513  
Decertification election 512  
Distributive issues 518  
Featherbedding 502  
Grievance 520  
Illegal bargaining topics 514  
Integrative issues 518  
Labor relations 494  
Labor union 494  
Landrum-Griffin Act 502  
Lockout 514  
Mandatory bargaining topics 514  
Mediation 521  
National Labor Relations Board (NLRB) 501  
Open shop 502  
Permissive bargaining topics 514  
Railway Labor Act (RLA) 500  
Right-to-work laws 502  
Secondary boycott 502  
Strike 514  
Taft-Hartley Act 501  
Unfair labor practices 500  
Union shop 502  
Union steward 521  
Wagner Act 500

Discussion Questions

1. If you were a union organizer, where would you focus your efforts? What type of people do you think are most likely to join a union today?
2. Why have U.S. labor unions and businesses adopted an adversarial approach to labor relations? Why might it be difficult for many to accept and pursue a cooperative relationship?
3. Why do unions pose problems for organizations pursuing Free Agent HR strategies?
4. What issues do you think are responsible for declining union membership? Do you believe membership will increase in the future? Why or why not?
5. Is new legislation needed to better regulate relationships between organizations and labor unions? What legal reforms do you think might be helpful?
6. Do you think union membership will decrease in the public sector? Why or why not?
7. Why do you think fewer union organizing campaigns are successful today than in the past?
8. Although you are probably not a union member, think about ways in which unions have influenced your life. What have unions done to improve your life? What have they done to make your life worse?
9. What do you think causes younger male workers who are highly skilled to file more grievances?
10. What issues make some labor strikes more successful than others? What factors do you think make it difficult for the National Hockey League players’ union to be effective in advocating the interests of players?
Energy Co. is a pseudo name for an actual utility company with operations in the UK and overseas. In total, Energy Co. employs around 16,000 people. Energy Company is widely recognized as an innovator in several personnel practices.

The workforce at Alpha Plant is predominantly male, and most have worked for Energy Co. for over 20 years. Union membership is around 90 percent, and the division entered a partnership with the Engineers’ and Managers’ Association (EMA), Amalgamated Engineering and Electrical Union, GMB, and UNISON. Partnership was “agreed” in the Generation Business in 1995, two years prior to the election of New Labour in May 1997. Interestingly, the agreement was only signed in one division, and this remains the case today. Following privatization, industrial relations in this division were extremely poor, characterized by protracted pay negotiations and a major disagreement over the introduction of annual hours for power station personnel. It was also suggested that the generation business has always been the most progressive in relation to HR policy. Though employees in other divisions with a more stable industrial relation climate were not affected, for the ailing generation business it was hailed as “a new approach to relationships at work which recognizes that all parties—management, staff and trade unions—have many common interests.”

It was based upon 13 founding principles:

1. Legitimate role of trade unions
2. Joint commitment to success, prosperity, and shared goals
3. Best in class
4. Fair treatment, mutual respect, and single status
5. Employment security
6. Flexibility
7. Opportunities for training and personal development
8. Response to change
9. Sharing in success
10. Safety, health, and welfare
11. Environment
12. Community relations
13. Information, consultation, and participation

There was a consensus that partnership was borne out of a poor industrial relations climate following privatization in 1991. Indeed, several privatized utilities used the opportunity to encourage culture change towards a spirit of working together. Given ambiguity of definition, an attempt was made to understand what the partnership meant to different actors, and to uncover the rationale behind the approach.

According to managers partnership was more than just a formal agreement as it affected day-to-day working relationships:

Partnership in its purest form within the business is a written agreement between unions and management about how we manage industrial relations, while in a broader sense it is about empowering staff and how we work on a day-to-day basis (Compliance manager).
Where management set the goals but how we achieve these goals is very much driven by employees (Production manager).

Union representatives explained that the partnership meant trying to work together rather than against each other as the case with the earlier head-to-head approach:

Partnership is a group of people working together for the betterment of the company and its employees (Amicus representative).

In terms of rationale, managers offered various explanations:

Employees that aren’t very involved get very cynical and pissed off and aren’t particularly driven, I don’t believe. We don’t live in a military environment (Compliance manager).

For one representative it was about giving employees a say in the workplace:

We wanted to be part of the decision-making process, rather than sit back and let management take all the decisions, and we appreciate management’s right to manage but at the end of the day the more influence we can have on decisions... it can only be to the good (Amicus representative).

In sum, management drivers appeared to be improving industrial relations, fostering employee commitment, informing employees and tapping into employee knowledge. From the trade union perspective, it was more about developing channels for employees’ voices to be heard, and engaging in more constructive relations with management.

QUESTIONS
1. How did the existence of very poor labor relations encourage the partnership?
2. What competitive strategy do you think is most appropriate for Energy Co.? How do unions fit with this strategy?
3. How does a cooperative relationship with labor unions influence worker autonomy?
4. Which of the 13 principles do you think was most difficult for management to accept? Which principles do you think are most critical for making the partnership work?


Teaching Assistants at State University

State University employs a large number of graduate students to work as teaching assistants. The teaching assistants often complain about their work. They feel that faculty and administrators demand too much. A common complaint is their low wages. The graduate students frequently point out that they do much the same work as faculty members, yet they receive only a very small percentage of the pay that faculty members receive. They also claim that faculty members frequently treat them unfairly. Teaching assistants are often asked to do large amounts of grading in very short time periods. Many also feel that faculty members are not very good at communicating expectations.

In response to the dissatisfaction of the teaching assistants, a local union representing public workers has begun efforts to organize a labor union. Union
representatives have obtained campaign card signatures from 40 percent of the teaching assistants. An election is scheduled for next month. Union representatives have been busy making a case that the union can help ensure that teaching assistants are treated more fairly. They have publicized statistics showing that unionized workers make significantly more than nonunionized workers. University administrators have decided not to actively oppose union organization. They have simply stated that it is important for teaching assistants to have the opportunity to decide whether they should be represented by a labor union.

Some faculty members are sympathetic to the concerns voiced by graduate students. They publicly state their concern that wages are too low. They also express frustration when they see some of their colleagues take advantage of students by assigning them large amounts of work to complete in short time periods. Other faculty members are less sympathetic. These professors talk about how they were treated even worse when they were graduate assistants. They seem to find joy in looking back and telling war stories about “the old days.” They seem to think that working hard for little pay is a right-of-passage that helps prepare students for future careers. Overall, the faculty at State University thus seems to be about evenly split in their support for student efforts to unionize.

A majority of the undergraduate students at State University don’t seem to know anything about the unionization efforts. A few politically active students have joined public rallies supporting the unionization efforts. Others seem to have used the unionization issue to complain about the quality of teaching provided by graduate students. These students recently met with administrators to complain about having too many graduate students as instructors. Just last week the local newspaper printed an article detailing some of the problems experienced when courses are taught by graduate students.

As a community, State University thus seems to be quite divided over the unionization issue. No matter who prevails in the election, it seems likely that a large number of people will be unhappy with the result.

QUESTIONS
1. Do you think a union would help resolve the complaints of the teaching assistants?
2. What makes the position of teaching assistant different from many jobs frequently represented by unions?
3. Do you think the administration’s response is appropriate?
4. If you were a graduate student at State University, would you vote for the union? Why?

Visit the website that describes the Labor Management Partnership at Kaiser Permanente (www.lmpartnership.org/). Read the following:
1. The history of the partnership.
2. The key issues the partnership emphasizes.
3. The contracts and agreements that have been reached through collective bargaining.

1. Are the outcomes of this agreement different from the outcomes of most other labor negotiations?
2. Why do you think Kaiser and the AFL-CIO are so willing to make this agreement public?
3. Do you think this agreement would improve the quality of your worklife if you were employed at Kaiser Permanente?
INTERACTIVE EXPERIENTIAL EXERCISE

Unions: Negotiating a New Labor Contract for Mega Manufacturing
http://www.wiley.com/college/sc/stewart

Access the companion website to test your knowledge by completing a Mega Manufacturing interactive role play.

The collective bargaining agreement at one of Mega Manufacturing’s plants will expire soon, and in this exercise you’ve been hired to help with the contract negotiations. Recall that Mega follows a Free Agent HR strategy with an external labor orientation and a focus on differentiation. Mega’s management has several concerns about the upcoming negotiations. For one thing, a major increase in healthcare costs needs to be passed along to employees, at least to some extent. In addition, the union and its members will expect bigger raises in this contract because of current conditions in the labor market. Both sides have traditionally bargained in good faith, but these contract negotiations will be especially challenging, and rumblings of strike have already surfaced. To make matters worse, the employees at another of Mega’s plants are starting a union organizing campaign. What bargaining approach will you recommend that Mega follow in the contract negotiations?

ENDNOTES
2. www.kaiserpermanente.org
5. www.lmpartnership.org/contracts/index.html


32. www.dol.gov/esa/programs/whd/state/righttowork.htm


34. www.dol.gov/compliance/laws/comp-lmrd.htm


39. Hurd and Pinnock, “Public Sector Unions,” 211.


54. Information about organizing a union can be found on the NLRB website at the following sites: www.nlrb.gov/nlrb/shared_files/brochures/engrep.pdf;www.nlrb.gov/Publications/procedures_guide.aspx


