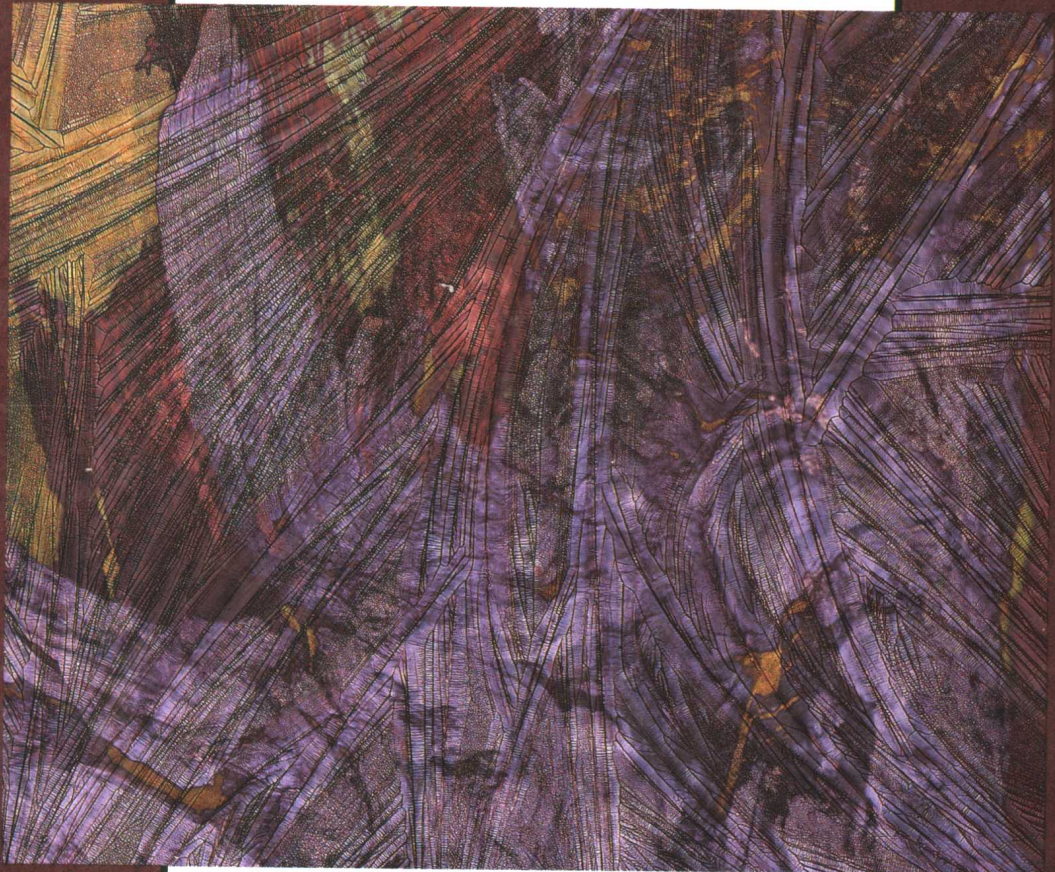


Fifth Edition

LABOR RELATIONS

Development, Structure, Process



John A. Fossum

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LABOR RELATIONS
Development, Structure, Process



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Industrial Relations Center
University of Minnesota

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PREFACE

The fifth edition of *Labor Relations: Development, Structure, Process* is the first edition in the third decade of its use. Over this period of time, employment, and as a consequence, labor relations, has seen major changes. The preponderance of employment has moved from the production of goods to the provision of services. The relative number of occupations has moved from those requiring physical prowess and effort to those depending on cognitive abilities and their application. Simultaneously, the financial performance of organizations became increasingly critical and the economy became truly global.

Over the period of time covered by the five editions of this text, research has increasingly identified the effects of these changes on employers and unions, the effects of unions on firm performance, and the effects of unions on individual employees. During the same period, there has been *no* legislation at the federal level that has had any major effect on labor laws. Although, at the same time, the interpretation and enforcement of labor laws has been substantially different than in the past. As a result, organized labor has increasingly adopted new methods for representing employees.

Similar to the previous editions, this edition can be recognized as an evolutionary product. The basic topics remain much the same, with the exception of the incorporation of information on health care labor relations and equal employment opportunity into the text where appropriate, and the addition of chapters on employee relations in nonunion organizations and international and comparative labor relations. Changes within chapters include expanded treatments of the political activities of unions, updated evidence on the effects of unions on economic and noneconomic outcomes to firms and individuals, a completely revised chapter on union-management cooperation, the incorporation of substantial new research material on the grievance process, and an updating and greater information in the mock contract negotiation exercise.

I hope that you will see this book as presenting a balanced perspective—balanced from a labor or management viewpoint, and balanced from a behavioral, institutional, and economic perspective. In the development of this approach, I am indebted to many institutions and individuals—my graduate school professors at the University of Minnesota and Michigan State University; my colleagues over time at the University of

Wyoming, University of Michigan, UCLA, and now in the Industrial Relations Center at the University of Minnesota; and the many academics and practitioners from whom I have received ideas in academic meetings and conversations.

Specific acknowledgments are also necessary to credit those who have assisted me in the development of this book. The first edition was conceived in an act of faith with Jim Sitlington and Cliff Francis of Business Publications, Inc., an earlier subsidiary of Richard D. Irwin. The thorough reviews and helpful comments of Hoyt Wheeler of the University of South Carolina (and my first faculty industrial relations colleague at the University of Wyoming) and I. B. Helburn of the University of Texas significantly assisted me in the preparation of the first edition. The second edition was aided by suggestions and comments from Jim Chelius of Rutgers University, Sahab Dayal of Central Michigan University, and George Munchus of the University of Alabama at Birmingham. The third edition was aided by the reviews of George Bohlander of Arizona State University, Richard Miller of the University of Wisconsin, Edmond Seifried of Lafayette College, and Bobby Vaught of Southwest Missouri State University. The fourth benefited from comments and suggestions from Edward Reinier of the University of Southern Colorado and Jack E. Steen of Florida State University. The plans for this edition were helped by A. L. "Bart" Bartlett of Pennsylvania State University, Robert Seeley of Wilkes University, R. H. Votaw of Amber University, and Frank Balanis of San Francisco State University, and portions of the manuscript were improved substantially by suggestions from Edward Suntrup of the University of Illinois at Chicago and Bill Cooke of Wayne State University.

Reference materials are particularly important in preparing a text, and reference librarians are thus helpful in pointing out new information and locating it. I have been assisted by several in preparing this text. For the first two editions, JoAnn Sokkar, Mabel Webb, and Phyllis Hutchings of the Industrial Relations Reference Room at the University of Michigan provided this assistance. For editions three, four, and five, Georgianna Herman and Mariann Nelson of the Industrial Relations Center Reference Room at the University of Minnesota have found obscure sources and provided quick turnaround. Library services are very important in preparing a text and also important for students in making the maximum use of the exercises in this book. Research assistants are also an important resource that substantially facilitates text preparation. I was particularly fortunate to have an extremely able research assistant during the period in which this revision took place. Kimberly Scow not only found all the things I needed, she also suggested additional material and topics to emphasize. Her knowledge, thoroughness, and enthusiasm will be of great benefit to her new employer, Chevron Corporation, as she begins her professional career. I owe a great debt of gratitude to all of these

individuals. Any errors or omissions in this text should not be attributed to them. I have occasionally ignored advice which was probably beneficial and may have overlooked information provided by them to me.

Finally, I owe a permanent debt to all of the parents of my family who provided me with the examples and support to undertake an academic career; to my wife, Alta, who has made the personal sacrifices of moving several times, has subordinated her interests during times when I was writing, and has offered the wisest counsel; and to my children Andy and Jean, who had to explain to their friends that their father was not “terminally weird” for spending many consecutive weekends in front of a microcomputer display after being harassed for failing to meet deadlines. And Jean, you can make one last stab at the public school library system by sneaking a copy into the high school library, but unless it circulates more frequently than the ones you put in the grade school and junior high libraries, we’ll have to concede that the effort to move labor relations into the elementary and secondary school students’ interests has been a failure.

John A. Fossum



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LABOR RELATIONS

Development, Structure, Process

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1

INTRODUCTION

Labor relations and employment experienced major changes during the 1980s.¹ The proportion of employees represented by unions declined substantially; unionized employees in many industries have agreed to economic concessions; and employers became more successful in resisting union-organizing campaigns. Many commentators marked the 1981 air traffic controllers' strike and their subsequent discharge by the federal government as a major event in the recent decline in union power. The decline in union membership has been particularly marked in the United States, but membership in other western countries also has declined as the employment structure has changed from goods to service production and from manual to mental labor.²

Some conditions that developed in the 1980s, such as foreign competition and an emphasis on increased profitability, continue to strongly influence labor relations in the 1990s. Unlike in the 1980s, the United States faces a shortage of high-quality labor in the 1990s. This is partly because of demographic changes related to the "baby bust" of the 1960s and 1970s and because of inadequate education and training. Employers no longer have a cushion of a large number of qualified unemployed persons to fill the jobs of striking union members. Also in the 90s, unions have changed some traditional ways of serving present and potential members that could lead to their gaining strength during the decade.

WHAT UNIONS DO

Unions evoke a lot of controversy. People generally have strong opinions about their effects and tactics. As will be noted in the history sections that follow, unions have been a part of U.S. history for as long as the nation has existed. Working men and women have felt a need to collectivize to negotiate pay and working conditions with employers, believing that employers had interests that conflicted with theirs.

As also will be noted in more detail later, one reason unions are controversial is because unionization restricts labor supply and creates **monopoly power** for employees who are represented by unions. On the other hand, the public regards unions as important because they provide employees a voice in how the employment relationship is implemented in their workplaces. Thus, unions are expected to benefit their members

¹ For a comprehensive examination, see Thomas A. Kochan, Harry C. Katz, and Robert B. McKersie, *The Transformation of American Industrial Relations* (New York: Basic Books, 1986).

² Leo Troy, "Is the U.S. Unique in the Decline of Private Sector Unionism," *Journal of Labor Research* 11 (1990), pp. 111-43.

(monopoly power), possibly at the financial expense of the public, and to benefit the public at large through labor contracts and their requirement that employers must respond to employee grievances (voice power).³

There are large differences in the degree to which industries and occupations are unionized. Some of the differences relate to the mix of occupations by industries and some to the age and employment practices of the industries. Job attributes influence the degree of unionization; job situations in which employer-specific knowledge is required and where internal workplace governance issues more strongly influence outcomes to workers are more heavily unionized.⁴

WHY WORKERS UNIONIZE

About 15 percent of the U.S. employees belong to unions. The proportions of represented employees differs greatly across occupations and industries, as does the point in American history at which occupations and industries were organized.

Employees become union members through one of three different processes. First, nonunion employees may decide they would benefit from **representation** and organize a union to bargain collectively for them. Second, an employee working in a unit covered by a **collective bargaining** agreement may decide to join the union. Third, newly hired employees may be required by the contract to join the union as a condition of continued employment.

Catalyst for Organization

A variety of employee, economic, and job characteristics are related to unionism and unionization. The monopoly power and voice roles of unions are obviously important to employees, but other aspects such as job content, experience, age, gender, and so forth are also related to willingness to form or join a union.⁵ Specific events probably trigger organizing activity for employees of any given employer. Employee dis-

³ Richard B. Freeman and James L. Medoff, *What Do Unions Do?* (New York: Basic Books, 1984).

⁴ Greg Hundley, "Things Unions Do, Job Attributes, and Union Membership," *Industrial Relations* 28 (1989), pp. 335-55.

⁵ Jack Fiorito, Daniel G. Gallagher, and Charles R. Greer, "Determinants of Unionism: A Review of the Literature," In *Research in Personnel and Human Resources Management*, ed. Kendrith Rowland and Gerald Ferris (Greenwich, Conn.: JAI Press, 1986), pp. 269-306.