

LABOR RELATIONS

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S E C O N D E D I T I O N

CONTEMPORARY LABOR RELATIONS

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P R E F A C E

In the five years since the first edition of *Contemporary Labor Relations* was published, union-management relations in the United States have undergone considerable changes. Intensified foreign competition, changing industrial mix, a less supportive legal environment, and the evolution of more enlightened management are just a few of the forces currently reshaping the face of labor-management relations. As a result, the last few years have proved to be extremely difficult for both organized labor and management as they have sought to redefine the parameters of their relationship.

In revising this book, we attempted to capture the essence of the aforementioned changes by examining the forces that caused well-established practices to be dramatically modified or even abandoned. The new practices, procedures, and bases for interaction between labor and management that have emerged in recent years have been given special attention. This revised edition provides comprehensive coverage of traditional labor-management relations with an important additional distinction—the rapidly changing features of today's industrial relations scene.

When approaching this project, we encountered the same dilemma that faces those who shape the nation's labor policy. National labor policy attempts to accommodate the often conflicting rights and interests of employees, unions, employers, and the public. This is a difficult task, but legislation, administrative rulings, and court decisions have yielded a labor policy that balances relatively well the divergent interests of the parties. To accomplish this, tradeoffs are

made among the parties' conflicting rights so the needs of one party can be accommodated as much as possible with minimal encroachment on the rights of others.

We faced an analogous balancing act when revising *Contemporary Labor Relations*. There were a number of issues and topics we wanted to address. Our goal was to "give each its due" without compromising either the scope or our approach. For example, our objective was to present a rigorous review of labor-management relations. However, rigor is often achieved at the expense of readability and we wanted to avoid such a problem. We also recognized the importance of maintaining a prudent balance between the empirical and the practical. Certainly it was important to incorporate the recent empirical research that has contributed greatly to our understanding of labor relations. At the same time, however, we were acutely aware of the need to thoroughly cover the "nuts and bolts"—those practices and procedures of labor relations that are the very core of an introduction to this discipline. Other aspects of labor relations we wanted to see reflected in this text included the contribution of the nation's labor policy, the history of the U.S. labor movement, and labor-management relations as they have traditionally been practiced, as well as the many changes that have been observed in recent years. Providing coverage of all these issues was not impossible. The challenge was to include meaningful discussions of each while remaining within the confines of a single-volume book.

The nation's balanced labor policy leaves each of the parties a little dissatisfied at least some of the time. We may be faced with a similar situation. The charge of balancing theory and practice, history and contemporary events, and public policy and union and management applications, while maintaining rigor and readability, was indeed a challenging task. Although some tradeoffs had to be made, we hope you find this book to be a useful, provocative introduction to labor-management relations.

Contemporary Labor Relations, Second Edition, takes a broad approach. It focuses on private sector-labor management relations in the United States without becoming involved in an examination of specific industries such as health care, agriculture, and professional sports. By keeping the discussion on a more general level, greater attention could be given to the major concerns of the field—union organizing, collective bargaining, and contract administration.

The impact of public policy on labor-management relations has been heavily emphasized. The evolution of public policy and the nation's basic legislation are each covered in separate chapters. Then, more detailed discussions of the nation's labor policy are presented in later chapters where appropriate. As examples, public policy affecting organizing campaigns, good faith bargaining, and grievance arbitration are thoroughly examined in the chapters concerned with these issues.

Throughout the text, we have attempted to be both descriptive and

analytical. In a number of the chapters, you will find a “how to” component. For example, preparation for collective bargaining, costing-out of labor agreements, and preparation for arbitration provide the reader with a measure of hands-on exposure to these topics. Also, much empirical research has been reviewed and discussed. Several models have been developed. Throughout these discussions of theoretical and practical concerns, we have attempted to answer the question of why labor and management interact the way they do. Further, the implications of their interactions for the firm and the union and its membership emerge as major themes.

In terms of its overall orientation to the field of labor relations, *Contemporary Labor Relations, Second Edition*, does not represent a dramatic change from the first edition. The current edition has been enhanced by updated discussions and the incorporation of material describing relevant events that have occurred since the first edition was published. There are some important changes, however. The material on labor history has been consolidated into two chapters in the first part of the book. By introducing this important material earlier in the book, we hope to provide readers with a stronger historical perspective and a greater appreciation of the institutional forces that shaped the current labor scene. The rapidly changing nature of labor-management relations is another theme developed more fully in this edition. Labor-management relations are likely to be appreciably different in the future than they have been in the past. The nature of the change, the reason for its occurrence, and the implications for the future are recurring themes throughout the revised edition.

By including the results of the most timely research available, we have tried to make this book more useful to academicians and those aspiring to careers in labor relations. At the same time, we worked to maintain and refine the clarity of discussion so that this edition will continue to meet the needs of the introductory-level student. To foster experiential involvement, a second bargaining simulation and new arbitration cases have been included, and those cases not replaced have been revised and updated.

We recognize that most readers of this book will not pursue careers in labor-management relations. They will not choreograph a union organizing campaign, negotiate a labor contract, or present a case to an arbitrator. However, individuals involved in such activities can clearly benefit from the material contained herein. It is more likely that the readers will be business administration students preparing for careers in areas of management other than labor relations. While it can be argued that unions are not as strong as they used to be, they remain a force in the U.S. economy. Consequently, we believe that an understanding of unions as institutions and their impact on management is an important part of the professional manager's development regardless of the functional area or industry in which he or she is ultimately employed.

Over the years it has taken to complete this project, we have become

indebted to many people who provided advice, assistance, and encouragement. Heartfelt thanks go to the reviewers who conscientiously examined all or part of the first and second editions. Their comments and suggestions helped greatly. It is with pleasure that we acknowledge the contributions of Jim Dworkin (Purdue University), Dick Peterson (University of Washington), Lane Tracy (Ohio University), Charles Maxey (University of Southern California), Jim Martin (Wayne State University), Everett Kassalow (University of Wisconsin), James Scoville (University of Minnesota), M.D. Chaubey (Indiana University of Pennsylvania), John Jackson (University of Wyoming), Sue Bruning (Kent State University), Mack A. Moore (Georgia Institute of Technology), and Marcus H. Sandver (Ohio State University). We are also appreciative of the useful suggestions made by adopters of the first edition and their students. We were able to incorporate a number of their recommendations into this edition.

The staff at Addison-Wesley has been invaluable throughout the life of this project. Janis Jackson-Hill was instrumental in launching the first edition of *Contemporary Labor Relations* and in working with us to prepare a book that was well received by so many. Her successor as management editor, Jim Heitker, has been responsible for moving the project forward. His cooperation and support has been greatly appreciated. Kazia Navas, the production supervisor on the second edition, has been a delightful person with whom to work. Her expertise, attention to detail, and “up beat” approach to her job helped us to keep things in perspective in the face of some very tight deadlines. Thanks also go to Susan Badger, the copy editor involved in this project. We are both better writers as a result of Susan’s close scrutiny of our work. In addition to the highly valued people identified above, there have been so many others who helped—graduate assistants, librarians, and students too numerous to name. Please accept our expression of gratitude for your cooperation.

We cannot fully express our appreciation to the members of our families: Mary, Molly, Meghan, Patrick, and Barbara. They have accommodated our ongoing involvement with this project with a degree of patience and tolerance that exceeded any reasonable expectation. Thank you all for your support and encouragement.

Laramie, Wyoming
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An Introduction to the Parties

Labor relations involve the interaction of three major groups: labor unions, the management staffs of employing institutions, and government agencies. Part 1 of this book introduces these three parties in the labor relations process. Chapter 1 describes the nature of the relationships between the parties and presents an overview of the book. Chapters 2 and 3 trace the history of the American labor movement. Chapter 4 examines the nation's public policy toward labor-management relations. After this discussion of the legal environment, attention turns to the actors in the American system of labor relations. Chapter 5 examines the basic characteristics of union structure, government, and politics as well as management's pattern of organization for labor relations.

An Introduction to Labor Relations

The 1980s have been marked by widespread and well-publicized changes in labor-management relations in the United States. Unions have demonstrated a willingness to accept lower wage rates and reduced benefits, and they have relaxed work rules that tend to limit managerial flexibility and increase production costs. In addition to lowering labor costs by negotiating less expensive contracts, a growing number of employers and unions have demonstrated that they can work cooperatively to solve problems of mutual concern. Union-management collaboration is addressing problems such as excessive scrap, changing technology, absenteeism, tardiness, and the need to improve plant efficiency and productivity.

The contemporary scene is much different than what it had been in earlier years. By the 1950s, labor-management relations had become relatively stable in the United States. The patterns of interaction, the topics discussed, and the approaches to problem solving were well established. For the next thirty years, relatively few changes were observed in labor-management relations. However, the trend observed in recent years toward greater cooperation between organized labor and employers contrasts sharply with the approaches generally taken in earlier years.

Customarily, unions have always seemed to be pressing for "more." To provide an ever-improving standard of living for their members, unions have sought higher wages, more fringe benefits, and a greater role in organizational decision making each time a contract is renegotiated. Because the union's

objectives are frequently incompatible with those of management, it is not surprising that traditional labor-management relations have been characterized by a high degree of conflict. Disputes tend to be resolved in favor of the party with the greater power. A union's ability to strike and a company's ability to withstand the strike are important factors influencing the relative power of the parties and their attainment of desired objectives.

The trend toward greater cooperation and less conflict between the parties suggests a period of transition for labor-management relations. Organized labor and employers are experiencing problems that are forcing them to reconsider their traditional patterns of interaction. For instance, in the 1950s after years of growth, union membership as a proportion of the labor force peaked and then began to decline. In recent years a growing number of firms have been fighting union organizing efforts aggressively. Many companies are expecting unions to relinquish previously negotiated benefits. Furthermore, unemployment among union members is higher now than in previous years.

Pressures on the labor movement have been intensified by adverse economic conditions. In recent years, a number of companies have faced financial hardships. The weak economic position of these firms is attributable to factors such as intensified foreign competition, outmoded plants and equipment, changing consumer tastes, industry deregulation, slow economic growth, and years of inadequate research and development. Taken together, these resulted in a relatively stagnant business environment in many sectors of the U.S. economy. Because of the multitude of problems facing both labor and management, the parties realized they could not continue with "business as usual." Many professionals in the field of labor relations recognized there was a need to reevaluate the terms on which labor and management interact. As a result, the decade of the 1980s has exhibited a number of labor practices that mark a sharp departure from the historical approach to labor-management relations. This implies that some of the more conflict-ridden practices characterizing traditional labor-management relations are giving way to more cooperative approaches.

Before proceeding, it is important to understand the nature of the traditional relationship between organized labor and management. The following section traces the evolution of the traditional approach to labor-management relations. This approach emphasizes that both unions and employers have a vested interest in the success of an organization. The parties are under pressure to cooperate to the extent needed for the firm's survival. However, within this general framework, the objectives of organized labor and management are, to a degree, incompatible. It is therefore necessary to develop procedures for controlling and resolving the conflict the parties are likely to experience.

■ TRADITIONAL LABOR-MANAGEMENT RELATIONS

The Adversarial Relationship

When a group of workers decides it wants union representation, many changes take place in its employer's organization. Much time will be spent later in this book examining these changes. One of the basic changes occurring in a company that becomes unionized is shared decision making. Prior to unionization, company management had the right to run the organization as it saw fit. After unionizing, management is obligated under the nation's labor laws to share with the labor organization decisions concerning wages, hours, and other conditions of employment. The shift from unilateral decision making to shared decision making can be the source of many problems as well as opportunities for labor and management.

The relationships between organized labor and management exhibit tension because the parties are pursuing objectives that are, to some degree, inconsistent. Labor and management have many long-run objectives in common because they have a shared interest in the firm's success. If a company is going to be able to provide stable employment opportunities for a union's members and offer improved wages and benefits, the company must be financially successful. Therefore workers, their union, and management want the company to be successful. To help ensure the success and survival of the firm, the parties are motivated to cooperate to some degree. However, the parties still have their own interests and objectives, which may be in conflict. Workers are striving for higher wages, whereas management is trying to minimize costs. Workers try to protect the status quo, whereas management wants to be able to change production methods as needed without union resistance. Workers try to lessen their dependence on a firm by sharing in decisions affecting them; at the same time, employers try to protect their managerial discretion by retaining unilateral control over the work organization.

This pursuit of conflicting objectives, plus a simultaneous commitment to a firm's success and survival, has led to the development of an adversarial relationship between organized labor and management. The adversarial relationship has been described as follows:

The two parties limit their *mutual* interests to the preservation and enlargement of the common pot which finances their respective factor shares. The parties recognize that wages and profits both require a prosperous enterprise. Beyond that, the relationship is dominated by a running dispute over the distribution of the enterprise's net proceeds between wages and non-wages. Management prefers the adversary relationship, because it fears that union collaboration will dilute management authority and thereby impair efficiency. The union prefers it that way, because the adversary relationship is most consistent with the maintenance of the union as a bargaining organization, and bargaining is what the union is all about.¹

The basic assumption underlying the adversarial nature of labor-management relations is that the parties will be in conflict over at least some issues. This comes about as the parties pursue their self-interests. While one party attempts to achieve its objectives, it may prevent the other from reaching its goals. The resulting conflict must be resolved or, at least, contained. Disagreements between labor and management have been part of the labor relations scene since the inception of the U.S. trade union movement. The following section examines the basis for the traditional approach to labor-management relations.

The Evolution of the Relationship

The pre-industrial revolution period. The foundation of unionism and the field of labor relations rests in the potential conflict between the interests of employers and employees. If the objectives of employers and employees were the same—that is, if decisions benefiting employers also benefited their employees—unions would probably be unnecessary.

Prior to the industrial revolution in the United States, union-type activities existed but on a very limited scale. This was because the work environment was not characterized by widespread employer-employee conflict during the colonial period. To a degree, this situation was due to the nature of the product market.² Goods purchased and consumed in an urban area were produced locally. Because of limited transportation and communications, practically no competition from goods produced outside the locale was present. In addition, much of the work performed was custom in nature; that is, craftsmen made the product to specifications established by the customer.³ These factors allowed the prices of goods to be set high enough so that both the employer and employee could receive a satisfactory return for their efforts. The ability of employers to pass on to the customer the higher costs associated with satisfactory worker wages tended to minimize employer-employee conflict.

Another factor dampening conflict between workers and their employers during the pre-industrial revolution period was that most workers could reasonably aspire to becoming self-employed. Freedom from having to spend one's entire work life employed by someone else could come about through two basic means. First, workers were able to acquire skills and set up their own businesses. Individuals learned their craft by serving an apprenticeship, during which time they helped and observed more experienced and skilled journeymen workers. When the apprentices' skills reached a certain level, they would become journeymen. As journeymen, the workers were able to become independent from the supervision of others. Because businesses tended to be small and without much equipment, it was possible for journeymen to establish their own operations with only limited capital. By so doing, individuals not wanting to work for someone else could become self-employed. The availability