

THE LABOR RELATIONS PROCESS



SIXTH EDITION

William H. Holley

Kenneth M. Jennings

THE LABOR RELATIONS PROCESS

Sixth Edition

William H. Holley, Jr.
Auburn University

Kenneth M. Jennings
University of North Florida



The Dryden Press
Harcourt Brace College Publishers
Fort Worth Philadelphia San Diego New York Orlando Austin San Antonio
Toronto Montreal London Sydney Tokyo

*To Betty, Jackie, Allison and Bret,
who hopefully have received at least
a portion of what they have given*

The Dryden Press Series in Management

Anthony, Perrewé, and Kacmar
Strategic Human Resource Management
Second Edition

Bereman and Lengnick-Hall, Mark
Compensation Decision Making: A Computer-Based Approach

Bourgeois
Strategic Management: From Concept to Implementation

Bracker, Montanari, and Morgan
Cases in Strategic Management

Brechner
Contemporary Mathematics for Business and Consumers

Calvasina and Barton
Chopstick Company: A Business Simulation

Costin
Classic Readings in Strategy

Costin
Readings in Total Quality Management

Costin
Managing in the Global Economy: The European Union

Costin
Managing in the Global Economy: Latin America

Costin
Management Development and Training: A TQM Approach

Czinkota, Ronkainen, and Moffett
International Business
Fourth Edition

Czinkota, Ronkainen, Moffett, and Moynihan
Global Business

Daft
Management
Fourth Edition

Daft
Understanding Management

Dessler
Managing Organizations in an Era of Change

Foegen
Business Plan Guidebook
Revised Edition

Gatewood and Feild
Human Resource Selection
Third Edition

Gold
Exploring Organizational Behavior: Readings, Cases, Experiences

Greenhaus and Callanan
Career Management
Second Edition

Harris, Michael
Human Resource Management: A Practical Approach

Harris and DeSimone
Human Resource Development

Higgins and Vincze
Strategic Management: Text and Cases
Fifth Edition

Hills, Bergmann, and Scarpello
Compensation Decision Making
Second Edition

Hodgetts
Modern Human Relations at Work
Sixth Edition

Hodgetts and Kroeck
Personnel and Human Resource Management

Hodgetts and Kuratko
Effective Small Business Management
Fifth Edition

Holley and Jennings
The Labor Relations Process
Sixth Edition

Jauch and Coltrin
The Managerial Experience: Cases and Exercises
Sixth Edition

Kindler and Ginsburg
Strategic & Interpersonal Skill Building

Kirkpatrick and Lewis
Effective Supervision: Preparing for the 21st Century

Kuratko and Hodgetts
Entrepreneurship: A Contemporary Approach
Third Edition

Kuratko and Welsch
Entrepreneurial Strategy: Text and Cases

Lengnick-Hall, Cynthia, and Hartman
Experiencing Quality

Lewis
10 Enterprises Simulation

Long and Arnold
The Power of Environmental Partnerships

Morgan
Managing for Success

Ryan, Eckert, and Ray
Small Business: An Entrepreneur's Plan
Fourth Edition

Sandburg
Career Design Software

Vecchio
Organizational Behavior
Third Edition

Walton
*Corporate Encounters: Law, Ethics, and the
Business Environment*

Zikmund
Business Research Methods
Fifth Edition

THE HARCOURT BRACE COLLEGE OUTLINE SERIES

Pentico
Management Science

Sigband
Business Communication

Pierson
Introduction to Business Information Systems

Preface

The sixth edition of *The Labor Relations Process* reflects our original objective in writing the book: to provide students with a textbook that will generate an understanding of and appreciation for union-management relationships. We have attempted to involve the student with the subject matter and to create an interest in related issues that will continue after the student completes the course. A model of the labor relations process (Exhibit 1.2) is presented in the first chapter and expanded in subsequent chapters through extensive references to academics and practitioners that focus on real-world situations and concerns. This provides a balance between concepts and applications for the reader.

As with the first edition and all subsequent editions, the sixth edition of *The Labor Relations Process* continues to be the most comprehensive text on the market.

FEATURES OF THE SIXTH EDITION

The sixth edition approaches our student involvement objective by enhancing our commitment to application, an emphasis that is unmatched by other textbooks in this area. We contend that application generates student interest in the subject matter while enabling students to demonstrate their understanding of concepts and principles and apply this information to real-world situations. These opportunities and related efforts should sharpen readers' communication skills, a desirable skill for any student, regardless of his or her academic major or intended occupation.

Application has been enhanced through new "Labor Relations in Action" features, National Labor Relations Board cases concerning potential unfair labor practices committed during the three phases of the labor relations process, and new arbitration cases. There are also two extensive application experiences at the end of the book (Bridgestone-Firestone labor dispute and the corporate organizing campaign at Food Lion), including an updated, computerized collective bargaining case. Also featured are in-depth treatments of labor-management conflict at the *New York Daily News* and an overtime grievance, both of which are recommended for advanced and/or graduate student analysis. The book has also maintained many

of the previous edition's features: a focus on currency, ethics, international issues, and the "Labor Relations in Action" boxes:

- **Currency.** This edition offers many opportunities for readers to become involved with the current applications of the labor relations process. For example, recent collective bargaining occurred with management and union officials at American Airlines, Caterpillar, Major League Baseball, and General Motors.
- **Ethics.** Ethical issues and situations are integrated throughout the book and highlighted with marginal logos. Issues such as ethical considerations in bargaining behavior, union organizing, and termination of union advocates are discussed.
- **International Labor.** Chapter 15, the chapter that deals with international issues, has been updated and expanded to include changes in Canada, Mexico, and Germany as well as the effects of the North American Free-Trade Agreement.
- **Labor Relations in Action.** The "Labor Relations in Action" boxes integrate current events in labor relations and have been updated with several new applications, discussed next.

KEY CHAPTER-BY-CHAPTER CHANGES IN THE SIXTH EDITION

Each chapter has been extensively updated in terms of sources, laws and judicial decisions, studies, and statistics. Additional attention has been given to explaining the labor relations process and influences in Chapter 1 and indicating how this process operates in subsequent chapters. Following are some of the key changes to the sixth edition:

- Chapter 1. "Getting Online with Labor Relations Research" (introducing students to computerized search possibilities on current labor relations topics).
- Chapter 2. "NAFTA's Legislative Passage over Organized Labor's Opposition."
- Chapter 3. Updated assessment of the National Labor Relations Board with comments from its new chairperson, William B. Gould IV.
- Chapter 4. Updates on union membership and mergers and coverage of John Sweeney's election to the presidency of the AFL-CIO.
- Chapter 5. Union goals and courses of action and new union organizing strategies.
- Chapter 6. "Bargaining Cost Complexities from Five Negotiation Situations" and "Negotiations in Professional Basketball: Too Many Participants."

- Chapter 7. Trends in strikes and hiring striker replacements, proposed Workplace Fairness Act and Team Act, and President Clinton's Executive Order regarding striker replacements.
- Chapter 8. "Tough Contract Administration Questions."
- Chapter 9. "How Employer Promulgated Arbitration Differs from Arbitration Found in Labor Agreements."
- Chapter 10. "Arbitrators and Employee Theft: Proof and Penalty."
- Chapter 11. Updated trends in union security provisions and the relationships between unions and female and minority employees.
- Chapter 12. Strikes involving outsourcing (General Motors and Boeing) and "Bell South-Communications Workers of America Partnership."
- Chapter 13. "United Airlines' ESOP."
- Chapter 14. "Privatization of the Public Sector."
- Chapter 15. Updated union density and compensation costs in major countries.
- Chapter 16. New chapter: "The Labor Relations Process: Synthesis and Possibilities."

SUPPLEMENTARY MATERIALS

The new *Instructor's Manual* includes chapter outlines, answers to end-of-chapter discussion questions, case notes, suggested student readings and term projects, and both instructors' and students' instructions for the Collective Bargaining Negotiations Exercise (available on disk). The *Test Bank* has been revised, updated, and expanded. The number of transparency masters has been increased.

A Computerized Test Bank, in IBM, Macintosh, or Windows format, is also available free to adopters. The Computerized Test Bank enables instructors to select, edit, and add test items and print tests for classroom use.

Five videos on two cassettes are available, showing workplace issues for union employees and managers on topics ranging from violence at work to the Americans with Disabilities Act and strikes. Also included is a special CBS report on the state of unions.

Harcourt Brace College Publishers may provide complimentary instructional aids and supplements or supplement packages to those adopters qualified under our adoption policy. Please contact your sales representative for more information. If as an adopter or potential user you receive supplements you do not need, please return them to your sales representative or send them to:

Attn: Returns Department
 Troy Warehouse
 465 South Lincoln Drive
 Troy, MO 63379

ACKNOWLEDGMENTS

We are especially grateful to the following professors for their reviews and suggestions on this revision: Todd Baker, Salt Lake Community College; Dr. Dennis W. Gibson, Troy State University; Zeinrab A. Karake, The Catholic University of America; Dr. Thomas W. Lloyd, Westmoreland County Community College; and Peter A. Veglahn, James Madison University.

We also extend our appreciation to those who made valuable suggestions for previous editions: John C. Bird, Mollie Bowers, James F. Byers, Joseph M. Cambridge, Anthony Campagna, William Chase, Boyd Childress, Milton Derber, Satish P. Deshpande, James B. Dworkin, Geraldine Ellerbrock, Paul Gerhart, Carol L. Gilmore, Thomas P. Gilroy, David Gray, Charles R. Greer, Marvin Hill, Jr., Wayne Hochwarter, Janis Holden, Denise Tanguay Hoyer, H. Roy Kaplan, Katherine Karl, Philip Kienast, Kenneth A. Kovach, Charles Krider, Howard T. Ludlow, Douglas McCabe, Karl O. Magnusen, Marick Masters, William Maloney, Pamela Marett, Jonathan Monat, Roy Moore, William L. Moore, Thomas Noble, Dane M. Partridge, Robert Penfield, Alex Pomnichowski, Roy R. Reynolds, Robert Rodgers, Richard L. Rowan, Peter Sherer, David Shulenberger, Herman A. Theeke, Suzanne M. Vest, William Werther, Elizabeth Wesman, Carolyn Wiley, and Roger S. Wolters.

We would like to thank James H. Browne of the University of Southern Colorado and Paul A. Dorsey of Milliken University for preparing the computerized version of the Collective Bargaining Negotiations Exercise and testing it in actual class situations. We are also grateful to William H. Ross of the University of Wisconsin-La Crosse for once again providing an extensive and up-to-date list of suggested student readings and term projects for the *Instructor's Manual*.

We also wish to thank those individuals who have either directly or indirectly aided in the preparation of this book: Betty Geitz, Brenda Ryan, and Margie Wright.

Finally, we would like to thank The Dryden Press for its fine work on this book. We are grateful to our acquisitions editor, John Weimeister, as well as Lisé Johnson, Lora Knox, Adele Krause, Tracy Morse, Michele Tomiak, and Jessica Wyatt.

William H. Holley, Jr.
Auburn University

Kenneth M. Jennings
University of North Florida

May 1996

About the Authors

William H. Holley, Jr., is a Regions Bank Professor at Auburn University, where he teaches labor relations, collective bargaining and arbitration, and human resource management. He received his B.S. and M.B.A. from Mississippi State University and his Ph.D. from the University of Alabama. He has been active in the Southern Management Association, a division of the Academy of Management, where he has served as Secretary and President, and on the editorial board of the *Journal of Management* for three terms. He is a coauthor of *Personnel/Human Resource Management* with Ken Jennings and of *Labor Relations: An Experiential and Case Approach* with Roger Wolters. His research has been published in a wide range of journals, such as the *Academy of Management Journal*, *Labor Law Journal*, *Personnel Psychology*, and others. He is presently Executive Secretary Treasurer of the National Academy of Arbitrators. He also serves on the editorial boards of the *Journal of Collective Negotiations in the Public Sector* and *Employee Rights and Responsibilities Journal*.

Kenneth M. Jennings, Jr., is Richard de Raismes Professor of Industrial Relations at the University of North Florida, where he teaches undergraduate and graduate courses in labor relations and human resource management. After receiving his B.S. from Knox College and M.S. from the University of Illinois, he spent four years with Union Carbide in various industrial relations assignments. He then received a Ph.D. from the University of Illinois, and he has been at the University of North Florida for 20 years. He has written numerous books (*Balls and Strikes: The Money Game in Professional Baseball* and *Labor Relations at the New York Daily News* being the latest) and articles in journals such as *Industrial and Labor Relations Review*, *Industrial Management*, *Personnel Journal*, *Employee Relations Law Journal*, and *Transportation Journal*. A Chicago Cubs fan and collector of jazz recordings and baseball cards, he lives with his wife, Jackie.

Contents in Brief

PART ONE • RECOGNIZING RIGHTS AND RESPONSIBILITIES OF UNIONS AND MANAGEMENT 2

- 1 Union-Management Relationships
in Perspective 5**
- 2 Evolution of Labor-Management
Relationships 34**
- 3 Legal Influences 76**
- 4 Unions and Management: Key
Participants in the Labor
Relations Process 113**
- 5 Why and How Unions Are
Organized 162**

PART TWO • NEGOTIATING AND ADMINISTERING THE LABOR AGREEMENT 218

- 6 Negotiating the Labor
Agreement 221**
- 7 Resolving Negotiation Impasses
and Developing
Cooperation 258**
- 8 Contract Administration 308**
- 9 Labor Arbitration 332**

PART THREE • THE OUTCOMES OF THE LABOR RELATIONS PROCESS: COLLECTIVE BARGAINING ISSUES 386

- 10 Employee Discipline 389**
- 11 Institutional Issues: Managerial
Rights, Union Security, and
the Rights of Minority and
Female Employees 413**
- 12 Administrative Issues 441**
- 13 Economic Issues 477**

PART FOUR • APPLYING THE LABOR RELATIONS PROCESS TO DIFFERENT WORK ARRANGEMENTS 548

- 14 Labor Relations in the Public
Sector 551**
- 15 Labor Relations in
Multinational Corporations
and in Other Countries 593**
- 16 The Labor Relations Process:
Synthesis and
Possibilities 629**

Contents

PREFACE

vii

PART ONE • RECOGNIZING RIGHTS AND RESPONSIBILITIES OF UNIONS AND MANAGEMENT 2

1 Union-Management Relationships in Perspective 5

Phases in the Labor Relations
Process 5

Elements in the Labor Relations
Process 6

Labor Relations in Action: Drug Testing
and the Labor Relations Process 7

Labor Relations in Action: Getting Online
with Labor Relations
Research 20

Summary 30

2 Evolution of Labor-Management Relationships 34

1869 to World War I 35

Labor Relations in Action: Labor,
Violence, and Media Coverage 36

World War I to World War II 52

World War II to the Present 59

Labor Relations in Action: NAFTA's
Legislative Passage over Organized
Labor's Opposition 64

Summary 68

3 Legal Influences 76

Origin of Labor Relations Law 76

Early Legal Interpretations Involving
Labor-Management Relationships
(1806–1931) 78

The Norris-La Guardia Act 82

Historical Development of the National
Labor Relations Act and Its
Amendments 83

The National Labor Relations Act: The
Wagner Act of 1935 as Amended by the
Taft-Hartley Act in 1947 and the
Landrum-Griffin Act in 1959 84

Labor Relations in Action: Justice
Delayed 95

Labor Relations in Action: Controversial
Reversals in Labor Relations Rulings by
the NLRB and the Courts
during the Reagan and Bush
Administrations 98

Labor Relations in Action: Statements by
William B. Gould, Chairman of the
Nation Labor Relations Board, on a
Broad Number of Labor Law Issues,
Including His Approach to His
Office 101

- Other Laws That Affect Labor Relations 105
- Summary 108
- 4 Unions and Management: Key Participants in the Labor Relations Process 113**
 - Goals and Strategies: Management and Unions 113
 - Company Organization for Labor Relations Activities 125
 - Union Governance and Structure 128
 - Labor Relations in Action: Changes at the Top of AFL-CIO Lead to Combative Campaign 147
 - Union Corruption and the Landrum-Griffin Act 151
 - Current Status of Labor Unions 153
 - Summary 156
- 5 Why and How Unions Are Organized 162**
 - Why Unions Are Formed 162
 - Procedures for Organizing Unions 165
 - Labor Relations in Action: Objections to Joining the Union 178
 - Labor Relations in Action: Examples of Employer Messages during a Representation Election Campaign 179
 - Conduct of the Representation Election Campaign 187
 - Decertification Procedure 195
 - Summary 198
- Cases for Part One 206**
 - 1.1 T-Shirt Offer: Election Interference 206
 - 1.2 Election Campaign Literature: Frozen Wages and Benefits 207
 - 1.3 Loudspeaker Messages Before and on Day of Election: Election Interference 209
 - 1.4 Cookout, Day Off with Pay: Election Interference 210
 - 1.5 Atlas Towers: Composition of Bargaining Unit 210
 - 1.6 Closing a Plant after a Successful Union Election 213
 - 1.7 Inflammatory Conduct? 214
 - 1.8 Wearing Antiunion Hats 216
- PART TWO · NEGOTIATING AND ADMINISTERING THE LABOR AGREEMENT 218
- 6 Negotiating the Labor Agreement 221**
 - Collective Bargaining: Definition and Structure 221
 - Labor Relations in Action: How Pattern Bargaining Affected General Motors in Recent Contract Negotiations 223
 - Pre-Negotiation Activities 227
 - Labor Relations in Action: Negotiations in Professional Basketball: Too Many Participants 230
 - Collective Bargaining Behavior 237
 - Resolution Framework: The Bargaining Power Model 240
 - Ethical Considerations in Collective Bargaining Behavior 245
 - Labor Relations in Action: Bargaining Cost Complexities from Five Negotiation Situations 246
 - Summary 254

7 Resolving Negotiation Impasses and Developing Cooperation 258

- Contract Ratification 258
- Impasse-Resolution Procedures Involving a Third-Party Neutral 260
- Labor Relations in Action: What Is the Role of the Mediator? 262
- The Strike and Related Activities between Union and Management 266
- Labor Relations in Action: Unfavorable Rulings Concerning Strikers 276
- Labor Relations in Action: President Clinton's Executive Order Sanctioning Federal Contractors That Hire Permanent Striker Replacements 280
- Cooperation between Union and Management to Reduce Conflicts 289
- Labor Relations in Action: The NUMMI-UAW Experience in Labor-Management Cooperation 292
- Labor Relations in Action: Characteristics and Examples of Labor-Management Cooperation 297
- Summary 301

8 Contract Administration 308

- Grievances: Definition, Sources, and Significance 308
- Steps in the Grievance Procedure 315
- Labor Relations in Action: Tough Contract Administration Questions 319
- Grievance Resolution: Relationships and Flexibility 320
- The Legal "Fair Representation" Obligation in the Grievance Procedure 324
- Summary 328

9 Labor Arbitration: A System of Industrial Jurisprudence 332

- Development of Labor Arbitration 332
- Elements of a Typical Arbitration Proceeding 335
- Labor Relations in Action: How Employer Promulgated Arbitration Differs from Arbitration Found in Labor Agreements 336
- Labor Relations in Action: Preparation Techniques for the Arbitration Hearing 343
- Comparison of Arbitration and Judicial Proceedings 344
- The Arbitrator's Decision 346
- Current Issues Affecting Arbitration 353
- Labor Relations in Action: Things They Never Told Me Before I Became an Arbitrator 358
- Summary 364

Cases for Part Two 371

- 2.1 *Toll Bell Company v. Workers of America*: Protected Rights and Company Interference 371
- 2.2 Reason for Discharge: Work Incidents or a Protected Concerted Activity? 374
- 2.3 In-Plant Work Stoppage: Protected Activity 376
- 2.4 Bargaining in Good Faith and Employer Lockouts 377
- 2.5 Unilateral Action: Refusal to Bargain 383

PART THREE • THE OUTCOMES OF THE LABOR RELATIONS PROCESS: COLLECTIVE BARGAINING ISSUES 386

10 Employee Discipline 389

The Changing Significance of Industrial Discipline 389

Labor Relations in Action: Disciplinary Possibilities on the Assembly Line 393

Principles and Elements of Discipline 394

Labor Relations in Action: Arbitrators and Employee Theft: Proof and Penalty 403

Summary 408

11 Institutional Issues: Managerial Rights, Union Security, and the Rights of Minority and Female Employees 413

Managerial Rights 413

Union Security 417

Unions and Minority Groups 424

Labor Relations in Action: Sexual Harassment and Labor Unions 431

Summary 435

12 Administrative Issues 441

Technological Change and Job Protection 441

Labor Relations in Action: Responsible Union-Company Relationships 444

Job Security and Personnel Changes 446

Employee Training and Work Restructuring 461

Labor Relations in Action: Bell South-Communications Workers of America PARTNERSHIP 463

Safety and Health: The Occupational Safety and Health Act 465

Labor Relations in Action: Situational Dilemmas under the Americans with Disabilities Act 469

Summary 470

13 Economic Issues 477

Wage Determination 478

Arguments Used by Management and Union Officials in Wage Determinations 486

Labor Relations in Action: The Rise and Fall of Two-Tier Wage Plans 489

Wage Adjustments during the Life of the Labor Agreement 497

Employee Benefits 502

Union Effects on Wages and Benefits 509

Employee Stock Ownership Plans 512

Labor Relations in Action: United Airlines' ESOP 515

Summary 516

Cases for Part Three 523

3.1 Playboy Club of Central City 523

3.2 Contract Interpretation: Demotion and Discrimination Based on Disability and/or Union Membership 525

3.3 Upgrading, Training, Sexual Harassment, and Disqualification 529

3.4 Racing Cars on Leave of Absence 543

PART FOUR • APPLYING THE LABOR
RELATIONS PROCESS TO
DIFFERENT WORK
ARRANGEMENTS 548

**14 Labor Relations in the Public Sector
551**

Significance of Public-Sector Labor
Relations 551

Labor Relations in Action: Privatization of
the Public Sector 558

Differences between Private-Sector and
Public-Sector Bargaining 564

Grievance Administration 569

Similarities between Private-Sector and
Public-Sector Bargaining 572

Labor Relations in Action: The Facts about
Fact-Finding 578

Labor Relations Activities among Various
Groups in the Public
Sector 582

Summary 584

**15 Labor Relations in Multinational
Corporations and in Other Countries
593**

Multinational Corporations and
Transnational Collective
Bargaining 593

Labor Relations in Action: Dealing with an
MNC—A Scenario 596

Union Approaches to Multinational
Bargaining and Employer
Reactions 599

Obstacles for Unions in Bargaining with
Multinational Corporations 601

Unions in Other Countries 604

Summary 623

**16 The Labor Relations Process:
Synthesis and Possibilities 629**

Participants in the Labor Relations Process
629

Influences on the Participants and Related
Work Rules 634

Cases for Part Four 639

4.1 UFCW's Campaign against Food Lion:
A Split Strategic Outcome 639

4.2 Peripheral Bargaining at the *New York
Daily News* 641

4.3 When the Rubber Hits the Road:
Implications of the URW Strike at
Bridgestone/Firestone 657

APPENDIX A COLLECTIVE
BARGAINING NEGOTIATIONS
EXERCISE: QFM COMPANY AND
IWU 663

APPENDIX B INTERNET
POSSIBILITIES FOR THE LABOR
RELATIONS PROCESS 681

Glossary 689

Name Index 699

Subject Index 709