

Labor Relations

Development, Structure, Process

Ninth Edition

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Chapter One

Introduction

Labor relations is the set of processes and activities that **unions** and **employers** develop and use to clarify, manage, reduce, and resolve conflicts between employees and their representatives while accommodating the various goals of each. Federal and state laws and regulations define and shape the rights and responsibilities of employers and unions in the conduct of **employee representation** and **collective bargaining**. These laws and regulations are ultimately the product of the culture and experiences of the society to which they apply.

The practice of labor relations is governed by contracts negotiated by and agreed to by both parties. Contracts spell out the rights and obligations of both parties during the period of time that they are in effect. Contracts are renegotiated periodically to take into account changing goals and objectives of both parties and changes in the economy and society.

While the practice of labor relations is governed by a fairly stable set of laws and regulations, and its processes and activities are relatively common across employers, practices within individual employers is, to some extent, unique, due to differences in the specific goals of each employer and the union that represents its employees. Within larger employers that operate several **establishments**, labor relations will differ depending on what is produced in each and whether different unions represent employees in different establishments.

In nations where free markets exist, businesses are permitted and encouraged to incorporate. Incorporation creates a legal entity that can act as if it were a person. Individual investors in a corporation have limited liability—they cannot lose more than their original investments. Many individuals and organizations can collectively own a corporation, and each can sell its shares to new owners at any time while the corporation continues. Stock markets create the opportunity to make ownership highly liquid by providing an institution for the purchase and sale of shares. Investors often further reduce their risks by diversifying their ownership across several corporations.

Large corporations generally have many owners or shareholders, most of whom do not materially participate in the corporation's day-to-day business. Operational decisions are made by managers hired by the shareholders through their elected board of directors.

Shareholders who are dissatisfied with corporate performance can either sell their shares or combine with others to vote to oust the current managers. Shareholders are

primarily interested in the financial performance of the corporation, particularly as reflected in the price of the corporation's stock. Higher profitability, returns on invested capital, and growth rates typically lead to higher share prices. Minimizing costs of inputs relative to the price of outputs is an important goal for managers in seeking to improve profitability. Labor costs are one of the inputs to be minimized.

Enterprises employ workers to produce the goods and services that will be sold to ultimately yield a profit. Employers would like complete freedom to alter the terms and conditions of employment in their workplaces, as necessary, to maximize returns on investments.

While labor is somewhat mobile, with workers able to move between employers as opportunities occur, it is less mobile than financial capital. Workers have investments in houses, occupations, family ties and friendships in a local community, and other intangibles. They would like to reduce the risks associated with employment, particularly the risk that their employers will radically change the terms and conditions of their employment.

Unionization offers employees a method they can use to counter employers' power to unilaterally change employment conditions. It is, to an extent, the corollary of incorporation. Union members elect officers and may hire agents to bargain an employment contract with the owners' managers. Unionization introduces democracy into the employment relationship. Employees determine, first, whether a majority desire to be represented; second, whom to elect as leaders or hire as agents; third, what workplace issues are most important to them; and fourth, whether to accept a proposed contract or to collectively withhold their labor.

Unions develop to counter employer power. Members band together to exert control over the supply of labor to their employers. Unions emphasize the need to create and maintain solidarity among members of the working class. In general, they favor greater equality in pay across employees and greater employee control of the work environment. Unions also stress the importance of continual improvements in living standards for their members, best attainable through increases in their pay.

Other things equal, higher pay and other improvements in employment lead to lower returns to capital. Thus, the goals of capitalists and unionists are inevitably in conflict.

In democracies, laws and regulations ultimately reflect the will of the electorate. If employment conflict exceeds what voters will tolerate, or if the results from this conflict are manifestly different than desired, voters will elect leaders who promise change in the desired direction. Thus, the limits within which unions and employers develop their particular relationship is defined by public policy. How much conflict exists depends on how able the parties are to accommodate the goals of their opponents while achieving their own goals. *This text focuses on the bases for the underlying conflicts, the tactics the parties use to gain power to achieve their goals, and how the process works in an ongoing relationship.*

An important point to consider in studying labor relations is that employers can exist without unions, but unions cannot exist without employers. Thus, where public policy permits, it's to be expected that some or many employers will try to avoid unionization, to remove unions if they exist in their workplaces, and to minimize

their effectiveness if they do. Unions, on the other hand, rarely try to eliminate a unionized employer in which they represent workers. If a unionized employer is eliminated, the jobs the union represents are also simultaneously eliminated, weakening its long run power.

It is also important to remember that a corporation's shareholders ultimately control decisions about its direction; in what to invest; and whether to continue operations, sell, or liquidate; depending on which best meets their interests. Managers are employed to determine how best to implement these decisions, but unless they are also shareholders, they have no independent ability to determine the distribution of profits.

THE PARTIES INVOLVED

Within the limits imposed by public policy, unions and employers are free to devise and implement their own relationships, usually in the form of contracts and how they are interpreted. Unions are simultaneously economic and political organizations. They have economic ends they want to secure for their members, while at the same time they seek to create and maintain power to influence the direction of laws and regulations, to provide a vehicle for advancing their leaders' purposes, and to survive and grow. Conflicts may exist between union levels as national union goals may not completely agree with goals at the local level.

Employers have corporate goals and objectives with regard to unions and coping with unionization and collective bargaining. **Line managers** have production and sales goals that must be achieved. Achievement is facilitated or inhibited by how successfully labor relations (or **employee relations** in a nonunion environment) are conducted. In larger organizations, **human resource** or **industrial relations managers** and staff advise the organization on how to implement labor relations goals and negotiate and administer collective bargaining agreements.

CONTEMPORARY LABOR RELATIONS

Labor relations and employment in the United States have changed markedly since 1980. Unionized employment, in both proportion and numbers of workers, has declined substantially due to a shift from manufacturing toward service jobs, the increasing intellectual content of jobs, the globalization of manufacturing, fewer successes in organizing large units of employees, and an overall decline in organizing activity.¹ Unionization in other developed economies also has declined. Global competition, freer trade, and an emphasis on corporate financial performance have strongly influenced employment patterns and reduced union bargaining power.

To be successful, unions must generate economic benefits for their members. To achieve gains, unions need to be able to exert bargaining power, and employers

¹ H. S. Farber and B. Western, "Ronald Reagan and the Politics of Declining Union Organization," *British Journal of Industrial Relations*, 40 (2002), pp. 385-401.

must have the economic ability to pay for them. Today's global economy, combined with the elimination of anticompetitive regulations in several major industries, has reduced union bargaining power because the costs of increased benefits cannot readily be passed on to consumers.²

Union-management relations in the United States have grown both more adversarial and more cooperative since the early 1980s. Employers resist unionization more vigorously and, when labor market conditions have permitted, react strongly to potential and actual strikes by threatening to use or hiring replacement workers. At the same time, especially in industries faced with increasing global competition and high fixed investment, management and labor have worked together to cut costs, improve profitability, and save jobs.

While union representation has declined from 35 percent to less than 13 percent over the past 50 years, unions continue to exert influence on employment practices through "spillovers." A **spillover** occurs when an employment practice used by *unionized employers* is adopted by nonunion employers to avoid unionization by copying what unions have won for their members. For example, a nonunion employer may choose to consider seniority in making promotion and layoff decisions because unionized employers in the same industry have agreed to use seniority as a basis for these decisions.

WHAT UNIONS DO

Unions evoke controversy. Many people have strong opinions about their tactics and effects. Unionization creates monopoly power by fixing wages through contracts. It also provides employees with a voice in how the employment relationship is implemented in their workplaces. Thus, unions benefit their members (**monopoly power**), while increasing costs to the public, and they benefit the public by creating mechanisms that require employers to respond to employee grievances (**voice power**).³ Union monopoly power costs about 1 percent of gross domestic product (GDP). Administration costs to obtain and exercise monopoly power is about .2 percent of GDP. The higher wages and benefits that union members receive, relative to their nonunion counterparts, are about 12 times larger annually than the cost of union dues.⁴

Large differences exist in the degree of unionization across industries and occupations. Some of the differences across industries relate to their varied mix of occupations, ages, and employment practices. Unionization is more prevalent where jobs require employer-specific knowledge and where internal workplace rules more strongly influence employee outcomes.⁵

² M. L. Wachter, "Judging Unions' Future Using a Historical Perspective: The Public Policy Choice Between Competition and Unionization," *Journal of Labor Research*, 24 (2003), pp. 339–357.

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

⁴ C. M. Stevens, "The Social Cost of Rent Seeking by Labor Unions in the United States," *Industrial Relations*, 34 (1995), pp. 190–202.

⁵ G. Hundley, "Things Unions Do, Job Attributes, and Union Membership," *Industrial Relations*, 28 (1989), pp. 335–355.

TABLE 1.1
Changes in
Employment
and Union
Membership,
1983–2003 (in
Thousands)

Source: Condensed from B. T. Hirsch and D. A. Macpherson, *Union Membership and Earnings Data Book 1994: Compilations from the Current Population Survey*, Washington, DC: Bureau of National Affairs, 1995; and U.S. Bureau of Labor Statistics at <http://stats.bls.gov/news.release/union2.t03.htm> updated on January 21, 2004.

Sector	Employment		% Unionized	
	1983	2003	1983	2003
U.S. total	88,290	121,863	20.1	12.9
Private sector	72,656	102,153	16.5	8.2
Public sector	15,634	19,710	36.7	37.2
Industry				
Agriculture	1,446	1,089	3.4	1.6
Mining	872	504	20.6	9.1
Construction	4,609	7,126	28.0	16.0
Durable goods manufacturing	7,930	10,049	25.9	14.0
Nondurable goods manufacturing	11,294	6,081	29.2	12.5
Transportation	3,627		49.9	
Transportation and warehousing		4,081		25.8
Communications & public utilities	1,435		45.2	
Information		3,297		13.6
Wholesale trade	3,657	3,878	9.3	5.1
Retail trade	14,510	14,466	8.6	6.4
Finance, insurance, and real estate	5,709	8,360	3.4	2.1
Services	15,146		9.5	
Professional and business services		10,588		2.3
Education and health services		16,635		8.0
Leisure and hospitality		10,207		2.8
Other services		4,645		3.8
Federal government		3,247		30.9
State government		5,636		30.3
Local government		10,827		42.6

Over the past two decades the proportion of employees that is represented by unions has decreased. As Table 1.1 shows, this decrease is largely related to industrial and occupational shifts in employment. From 1983 to 2003, employment grew by over 33 million while union membership declined by 7.2 percent. In the private sector, there are more than 3.5 million fewer union members, and membership has declined by half from 16.5 percent to 8.2 percent. Public sector unionization barely increased to 37.2 percent. In total, union membership has decreased by almost 2 million. Total union membership in 2003 was about 15,776,000. About 1,673,000 employees who are covered by collective bargaining agreements are not union members.

COLLECTIVE BEHAVIOR

When employees are dissatisfied with their present employment, why don't they simply leave? Employees may believe that they have invested parts of their lives with their employers or that alternative employment will be hard to find. One theory suggests that people can dissent in two ways—either by leaving an organization

(exit option) or by trying to change conditions within it (voice option).⁶ Forming a union enables use of a collective voice in influencing change at work.

Group formation is a necessary precursor to unionization in the United States. Groups form because of mutual interests or similarities among their members and a desire to direct common effort toward maintaining or changing some condition that affects them. They also form in response to perceived danger or threat. Supervisors who manage by fear may face a collective response from group members. “Wagon-circling” is a pervasive phenomenon that occurs when a group perceives danger. To create and sustain a cohesive group, membership must not be subject to a lot of turnover and the commonality of interests must be maintained.

Group Cohesiveness

A group is cohesive when group members tend to behave similarly. What are the underlying reasons for cohesiveness? First, members of the group are likely to hold the same basic values, reflecting for example, a class consciousness, and to agree on the methods used to attain them. Second, group members are likely to be similar in age, seniority, and other background characteristics. Third, group members probably defer to a member who leads the group. This member often has values closest to the overall values of the group. Finally, group cohesiveness may be a function of external threat. Unions emphasize the need for cohesiveness to members through calls for solidarity during periods of threat.

Class Consciousness

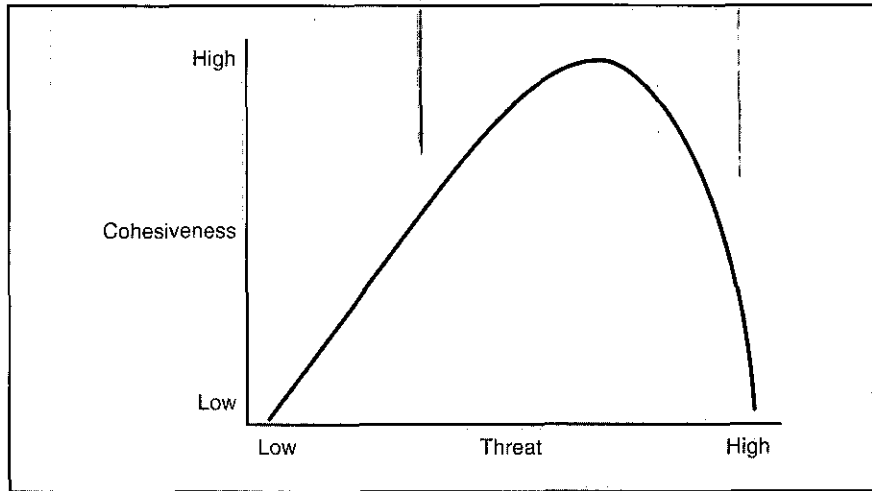
Class consciousness has often been suggested as a reason why unions form. Employees and employers often come from different classes, with mobility between classes perceived as unlikely and the income distribution between them seen as highly unequal and inequitable. Unionization is viewed as a means for equalizing power in dealing with employers. Americans are highly individualistic, however, and American unions have generally followed pragmatic, business-related agendas, downplaying class consciousness.⁷ As we will note later, however, specific differences between managerial and employee privileges and outcomes frequently are used to raise class consciousness during organizing campaigns. To the extent that there are large or changing differences between managers and workers within the same organization in terms of the distribution of pay, safety, and employment security, class consciousness is increased and the demand for unionization increases. If these situations are ameliorated and/or other mechanisms such as human resource management practices that are more friendly to employees are implemented, demand for unionization will be low.⁸

⁶ A. O. Hirschman, *Exit, Voice, and Loyalty* (Cambridge, MA: Harvard University Press, 1970).

⁷ M. J. Piore, “The Future of Unions,” In G. Strauss, D. G. Gallagher, and J. Fiorito, eds., *The State of the Unions*, Madison, WI: Industrial Relations Research Association, 1991, pp. 387–410.

⁸ B. E. Kaufman, “The Future of Private Sector Unionism: Did George Barnett Get It Right After All?” *Journal of Labor Research*, 22 (2001), pp. 433–457.

FIGURE 1.1
Hypothetical
Relationship
between
Threat and
Cohesiveness



External Threat

If external threat increases cohesiveness, will greater threat continue to increase cohesiveness, or is some limit reached? If a worker thinks that negative outcomes will occur for one who acts alone but not for a similarly acting group, then belonging to the group has positive consequences, and cohesiveness would be expected to be high. If an employer is unwilling to grant a wage increase to a single employee and dares the employee to quit, the same employer might not be willing to risk denying a collectively demanded raise if the alternative is a strike.

How far would group members be expected to go in individually sacrificing for the good of the group? When the costs of membership outweigh the benefits perceived from remaining a group member, cohesiveness will break down. As Figure 1.1 shows, the hypothetical relationship between threat and cohesiveness is an inverted *U*.

Unions can't ensure similar backgrounds among their members because management makes hiring decisions and unions are obligated to admit all employees who want to join. To maintain cohesiveness, unions must continually convince employees they will receive greater employment benefits through continued unionization, often casting management as a threat to those benefits. To maintain cohesiveness through perceived threat, an adversarial relationship follows. Thus management actions against individuals or the group may benefit the union because management action can then be rebuffed, modified, or rescinded through group action.

WHY WORKERS UNIONIZE

Employees become union members through one of three processes. First, nonunion employees may organize a union to bargain collectively for them. Second, employees in a unit covered by a collective bargaining agreement may decide to join the

union. Third, newly hired employees may be required by the collective bargaining agreement where they work to join the union (to the extent of paying dues) as a condition of continued employment.

Catalyst for Organization

The monopoly and voice power of unions are attractive to workers, but job content, experience, youth, social-democratic political beliefs, lower educational level, and lower personal income also relate to a willingness to form or join a union.⁹ *Workers in companies with innovative human resource management practices are less likely to desire unions.*¹⁰

Employees are more likely to unionize as job dissatisfaction increases. The presence of *any* organizing activity is associated with lower job satisfaction. Employees are more likely to back unions based on dissatisfaction with employment conditions rather than job task characteristics. Dissatisfaction with **job security**, economics, and supervisory practices were most predictive of a pronation vote across a set of studied elections.¹¹ The presence and level of organizing activity in various units of a large multilocation company were predicted by poor supervision, co-worker friction, work load, lack of advancement, bad feelings about the company, physical surroundings, and the kind of work done.¹²

Dissatisfaction alone does not automatically mean a **union organizing campaign** will result or an election will be won by the union. Two conditions have to exist to predict organizing attempts and a union win. First, employees have to be dissatisfied and believe that individually they are unable to influence a change in the conditions causing their dissatisfaction. Second, a majority of employees have to believe *collective bargaining* would improve conditions more than changing jobs, and that its benefits would outweigh the costs.

Individuals and Union Organizing

Several factors influence the organizing process. Dissatisfaction is consistently associated with both interest in unionizing and turnover.¹³ Since both unionization and turnover are predicted by dissatisfaction, organizing involves other influences as well, with employees believing that their individual outcomes are best leveraged by collective action to improve the outcomes of all employees in the unit, rather than by quitting.

⁹ J. Fiorito, D. G. Gallagher, and C. R. Greer, "Determinants of Unionism: A Review of the Literature," In K. Rowland and G. Ferris, eds., *Research in Personnel and Human Resource Management*, vol. 4, Greenwich, CT: JAI Press, 1986, 269–306; and S. M. Lipset and I. Katchanovski, "The Future of Private Sector Unions in the U.S." *Journal of Labor Research*, 22 (2001), pp. 229–244.

¹⁰ J. Fiorito, "Human Resource Management Practices and Worker Desires for Union Representation," *Journal of Labor Research*, 22 (2001), pp. 335–354.

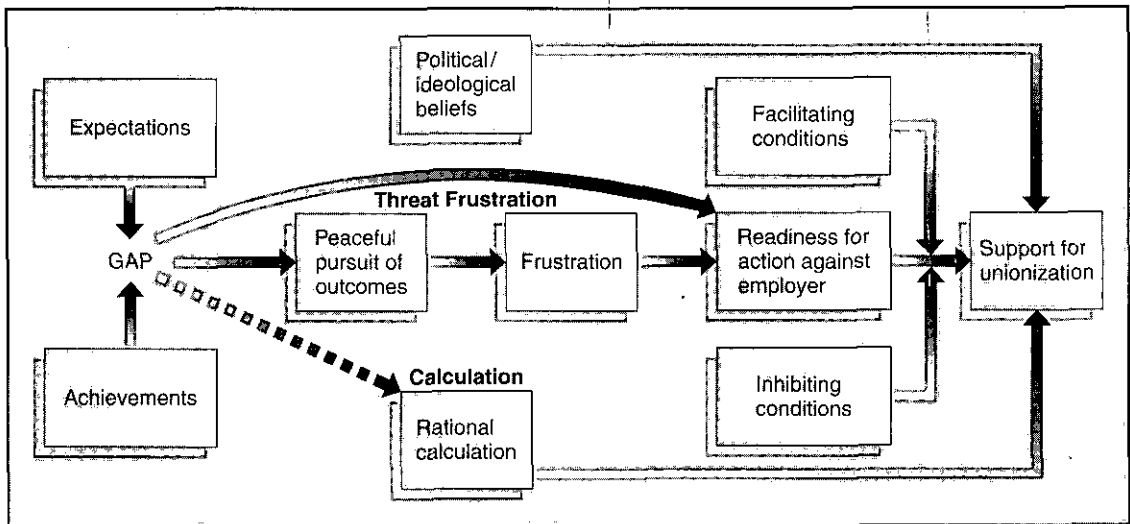
¹¹ J. M. Brett (1980) "Why Employees Want Unions," *Organizational Dynamics*, 8, no. 4, pp. 47–59.

¹² W. C. Hamner and F. J. Smith, "Work Attitudes as Predictors of Unionization Activity," *Journal of Applied Psychology*, 63 (1978), pp. 415–421.

¹³ J. M. Carsten and P. E. Spector, "Unemployment, Job Satisfaction, and Employee Turnover: A Meta-Analytic Test of the Muchinsky Model," *Journal of Applied Psychology*, 72 (1987), pp. 374–381.

FIGURE 1.2 An Integrative Model of Factors Related to the Decision to Support Unionization

Source: H. N. Wheeler and J. A. McClendon, "The Individual Decision to Unionize," in G. Strauss, D. G. Gallagher, and J. Fiorito, eds., *The State of the Unions*, Madison, WI: Industrial Relations Research Association, 1991, p. 60.



A unionization model suggests that gaps between expectations and achievements motivate employees to find ways to eliminate them. Employees may first try nonadversarial methods to accomplish change. If they are frustrated, or if part of a gap is due to a perceived threatening environment created by the employer, employees may prepare to act against the employer. Decisions leading to readiness are made by assessing conditions that facilitate and inhibit action (see Chapter 6). Workers are expected to rationally calculate whether they expect outcomes to be better or worse if unionization occurs; they also are influenced by their political and/or ideological beliefs. The level of support for unionization emerges from the interplay of these variables.¹⁴ Figure 1.2 displays this relationship. Figure 1.2 contains a "rational calculation" box. The next section examines how this calculation is made and displays the process in Figures 1.3 and 1.4.

In an organizing campaign, workers must decide whether unionization is in their best interest. To make this decision, they assess whether the likely outcomes of unionization will be positive or negative, and what the likelihood is that working for or voting for a union will lead to positive or negative outcomes. A worker might first examine the present job situation and assess the possibility of receiving positive or negative outcomes as a result of holding that job. Where a job has some negative outcomes, workers may weigh such actions as convincing supervisors or managers to behave differently, doing nothing, or organizing to change the situation. A worker's experience with the efficacy of a particular action determines

¹⁴ H. N. Wheeler and J. A. McClendon, "The Individual Decision to Unionize," in G. Strauss, D. G. Gallagher, and J. Fiorito, eds., *The State of the Unions* (Madison, WI: Industrial Relations Research Association, 1991), pp. 47–84.

FIGURE 1.3
Rational
Calculations

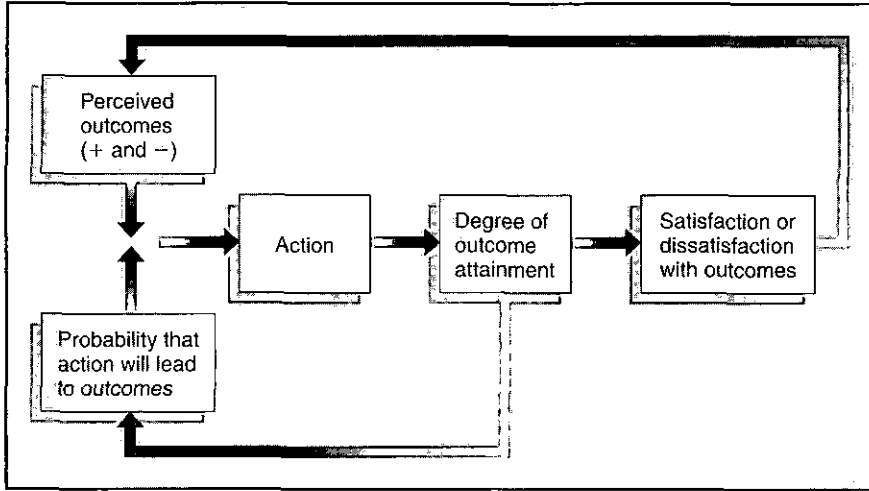
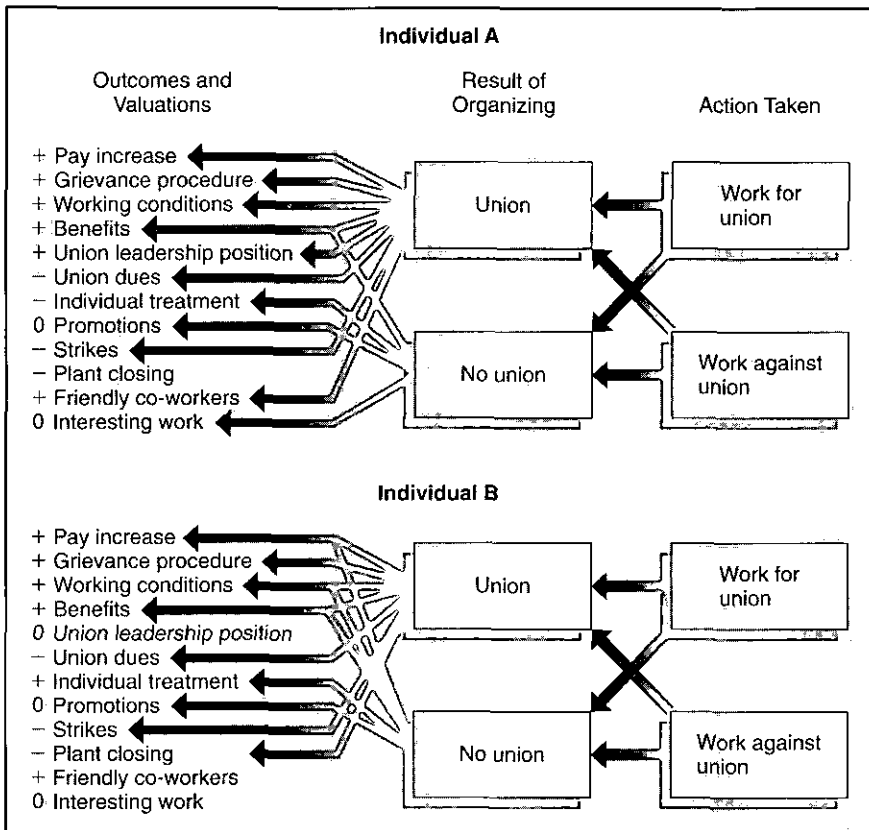


FIGURE 1.4
Beliefs about
Organizing



whether that action will be pursued or abandoned. Figure 1.3 outlines a model following this approach.

Figure 1.4 depicts a hypothetical belief system for two employees where organizing is being considered. Each employee evaluates likely outcomes from organizing. In the example, the same set of outcomes and valuations is specified for both in the example, but the valuations are not required to be the same, especially if major individual differences exist between them. Examining outcomes and their valuations reveals differences between the two individuals. Individual A positively values a union leadership position, while individual B attaches no positive or negative value to it. Other differences also exist, such as preferences for individual treatment.

The next component links outcomes with the result of an action—in this case, success or failure in organizing. For individual A, success in organizing is associated with six positive and two negative outcomes. Failure to organize leads to one positive, one negative, and two neutral items. If individual A believes taking action will increase the likelihood of unionization, efforts to do so would be expected because the greater net balance of positive outcomes results from a union. Individual B, on the other hand, expects four positives and three negatives from a union and four positives and one neutral from no union. B would be predicted to oppose the union.

Some consequences could follow directly from actions taken rather than their results. For example, if individual A thinks neither working for nor against the union will affect the organizing campaign outcome, then A would be expected to put forth no effort. Why? Because it's easier. But, effort would be predicted from individual A if A thinks it's necessary for unionization and believes his or her effort will contribute to winning the election.

Some might argue that this model makes it difficult to predict what people in a group will do. This is the case if group members have diverse backgrounds or widely differing beliefs as to what actions will lead to results or what outcomes will follow from results. However, a number of things probably reduce this diversity.

Employees often look for avenues other than union membership to attain valued outcomes from employment. For example, if employees value promotions based on individual merit and interesting work but see them as unattainable on jobs likely to be unionized, then they would probably leave. Employees place increasing value on positive past job outcomes. Thus, unionizing attempts may begin because management withholds rewards or changes the system so rewards differ from what people in the jobs have learned to value.

Union organizing campaigns are based on increasing perceptions that unions can help to attain positive and avoid negative employment outcomes and to create more homogeneous attitudes and behaviors. Both labor and management attempt to influence employees' beliefs that unionization will have positive and negative consequences, respectively.

Examining the perceptions and choices individuals make about unions should make it clear that, before unionization is possible, employees must hold a common belief that a union will benefit them. This means a large heterogeneous unit

would probably be difficult to organize, while a smaller, more stable work group would probably be easier. Despite differences among individuals, however, people are likely to take into account not only their own probable gains and losses, but also the opinions of family and other workers who are important to them.¹⁵ This means that differences among members of a bargaining unit after unionization may be substantial, and the union must consider these differences in its representational activities.¹⁶

BELIEFS ABOUT UNIONS

Each individual has beliefs about the appropriate role of unions in society. These beliefs result from upbringing, experiences, involvement with union members, work for union or nonunion employers, and gains or costs perceived to be associated with organized labor.

A 2003 Gallup Poll survey found that 65 percent of respondents approved of labor unions, while 29 percent disapproved (the rest were neutral or expressed no opinion). An expanded 1988 poll found respondents ascribed a positive role to unions in general, particularly with regard to enhancing employment outcomes for all through political efforts that influence legislation. Both those who approved and those who disapproved of unions believed employees need protection from employers. Close to half of those who disapproved still felt that without unions, laws protecting employees and employee benefits would be weakened or repealed and that laws enabling employees to organize should be strengthened.¹⁷

A national survey of employees found a majority believes employees should have more influence in workplace decision-making. About a third are dissatisfied with their employment, and this dissatisfaction is closely linked to a lack of trust in employer promises and poor management–employee relationships. Employees believe cooperation with management is important, but many feel management is unwilling to work closely with employees.¹⁸ Table 1.2 illustrates the gap between perceived importance of wanting and having employee influence in the workplace.

Willingness to Vote for Union Representation

When people are asked whether they would vote for a union to represent them, about one-third respond yes. Prounion sentiments are influenced by the perceived power of the labor movement and its instrumentality for worker gains, and also by specific beliefs employees have about how unions affect their personal intrinsic

¹⁵ See D. Knoke, *Organizing for Collective Action* (New York: Walter de Gruyter, 1990).

¹⁶ L. A. Newton and L. M. Shore, "A Model of Union Membership: Instrumentality, Commitment, and Opposition," *Academy of Management Review*, 17 (1992), pp. 275–298.

¹⁷ For an expanded discussion of this report, see R. B. Freeman and J. Rogers, "Who Speaks for Us? Employee Representation in a Nonunion Labor Market," In B. E. Kaufman and M. M. Kleiner, eds., *Employee Representation: Alternatives and Future Directions* (Madison, WI: Industrial Relations Research Association, 1993), pp. 13–80.

¹⁸ R. B. Freeman and J. Rogers, *What Workers Want* (Ithaca, NY: Cornell University Press), 1999, pp. 39–64.

TABLE 1.2 Beliefs about Wanting and Having Influence in the WorkplaceSource: R. B. Freeman and J. Rogers, *What Workers Want* (Ithaca, NY: Cornell University Press, 1999), pp. 48–49.

	Wanting Influence	Having Influence	Average Gap	Individual Gap
	Percentage of workers for whom it is very important to have a lot of influence	Percentage of workers with a lot of direct influence and involvement	Difference between "Wanting influence" and "Having influence" columns	Percentage of workers with less involvement than they want
Deciding what kinds of <i>benefits</i> are offered to employees	60	6	54	83
Deciding how much of a <i>raise</i> in pay the people in your work group should get	41	6	35	76
Deciding what <i>training</i> is needed for people in your work group or department	62	29	33	53
Deciding how to work with new <i>equipment</i> or <i>software</i> , if needed	52	28	24	46
Setting <i>goals</i> for your work group or department	55	32	23	43
Setting <i>safety</i> standards and practices	55	35	20	45
Deciding <i>how</i> to do your job and organize the work	76	57	16	31
Setting work <i>schedules</i> , including breaks, overtime, and time off	42	30	12	47
Average	55	28	27	53

and extrinsic outcomes and introduce more fairness in the workplace.¹⁹ In addition, perceptions that unions are working to better the lot of all working people positively influence an interest in voting for **representation**.²⁰ Some of the decline in union membership may relate to changing perceptions about unions. Between 1977 and 1984, beliefs about unions' abilities to improve employment conditions fell, while job satisfaction increased for nonunion employees and decreased for

¹⁹ S. P. Deshpande and J. Fiorito, "Specific and General Beliefs in Union Voting Models," *Academy of Management Journal*, 32 (1989), pp. 883–897.

²⁰ J. Fiorito, "Unionism and Altruism," *Labor Studies Journal*, 17, no. 3 (1992), pp. 19–34.

unionized employees.²¹ Even those dissatisfied with their jobs are less likely to be interested in unionization than in the past.²²

The Local Community

Local community attitudes affect union power. Unions influence the community's political makeup. The depth of support for the union among its members and citizens who may not be union members influences the union's ability to gain important collective bargaining outcomes. Community influence is most likely when an unfavorable outcome of a labor relations dispute threatens the community.²³ Union action may also influence public policy decisions on potentially favorable tax abatements for employers.²⁴

Union Member Beliefs

Union members place the highest priorities on their union's handling of grievances, getting feedback from their unions, additional fringe benefits, having a say in the union, better wages, and job security. Union member preferences for bargaining outcomes will be covered in detail in Chapters 9 and 10. Union members are generally satisfied with the performance of their unions, particularly on economic issues. Ninety percent of union members say they would vote to continue unionization in their workplaces.²⁵

Among a sample of public-sector union members who could choose to join or not join the union that represented them, satisfaction with the union's performance was related to beliefs in the goals of the union movement and endorsement of the union's preferred positions on promotions and job security. Less favorable attitudes were found among those who joined unions for social reasons or who felt pressured to join.²⁶

UNIONS, THEIR MEMBERS, AND DECISION-MAKING

To understand the activities of unions, it's necessary to recognize that officers are elected and contracts require ratification by the members. Bargaining units are not organized until a majority of employees desire representation, officers are elected

²¹ H. S. Farber, "Trends in Worker Demand for Union Representation," *American Economic Review*, 79, no. 2 (1989), pp. 161–165.

²² H. S. Farber and A. B. Krueger, "Union Membership in the United States: The Decline Continues," In B. E. Kaufman and M. M. Kleiner, eds., *Employee Representation: Alternatives and Future Directions* (Madison, WI: Industrial Relations Research Association, 1993), pp. 105–134.

²³ J. A. Craft, "The Community as a Source of Union Power," *Journal of Labor Research*, 11 (1990), pp. 145–160.

²⁴ B. Nissen, "Successful Labor-Community Coalition Building," In C. Craypo and B. Nissen, eds., *Grand Designs: The Impact of Corporate Strategies on Workers, Unions, and Communities* (Ithaca, NY: ILR Press, 1993), pp. 209–223.

²⁵ Freeman and Rogers, *What Workers Want*, p. 69.

²⁶ M. E. Gordon and L. N. Long, "Demographic and Attitudinal Correlates of Union Joining," *Industrial Relations*, 21 (1981), pp. 306–311.

or defeated by majorities of **local union** members, and contracts are ratified by a majority of union members in the bargaining unit. Ultimately, the policies of large national unions are influenced strongly by the actions of majorities of local union members.

For union decisions that require voting, it's helpful to understand the **median voter** concept.²⁷ To obtain a majority in any decision in which the alternatives lie on a continuum, the chosen alternative must be favored by the person who occupies the middle political position on that issue since a majority requires 50 percent plus one. Thus, to predict the outcome of an election or ratification, an analyst must understand the preferences of the middle person on a continuum of attitudes toward an issue. The median voter concept will be discussed at several points in this book when examining union decision-making.

LABOR UNIONS IN THE 2000s

The 1980s was a decade of accelerating decline for organized labor as economic changes, coupled with employer and governmental initiatives, surprised unions and eroded membership. The 1990s left unions facing crucial structural and functional problems. Some suggest the U.S. legislative climate, along with declining membership, has retarded organizing, representation, and bargaining outcomes relative to the past and compared to Canada.²⁸ Another position traces the decline to aggressive employer actions to fight organizing campaigns, to build new plants where they will not be unionized initially and where antipathy toward unions probably exists, and to violate or ignore labor laws aimed at protecting collective bargaining.²⁹ An alternative position is that larger numbers of employees were unionized in the past than wanted to be represented, partly because of coercive organizing tactics in which union members refused to deal with nonunion employees. Legislation outlawing this behavior coincides with the beginning of the decline in unionization.³⁰ Still another position argues that satisfaction of nonunion employees has increased to become substantially equivalent to that of unionized workers, particularly along economic dimensions, thus eliminating the motivation to organize.³¹ Table 1.3 shows these changes. Finally, it's argued that the employment relationship in union and nonunion firms is substantially different.

²⁷ M. D. White, "The Intra-Unit Wage Structure and Unions: A Median Voter Model," *Industrial and Labor Relations Review*, 35 (1982), pp. 565–577.

²⁸ G. N. Chaison and J. B. Rose, "New Directions and Divergent Paths: The North American Labor Movements in Troubled Times," *Labor Law Journal*, 41 (1990), pp. 591–595.

²⁹ R. B. Freeman, "Contraction and Expansion of Unionism in the Private and Public Sector," *Journal of Economic Perspectives*, 2, no. 2 (1988), pp. 63–88; P. C. Weiler, "Governing the Workplace: Employee Representation in the Eyes of the Law," In B. E. Kaufman and M. M. Kleiner, eds., *Employee Representation: Alternatives and Future Directions* (Madison, WI: Industrial Relations Research Association, 1993), pp. 81–104.

³⁰ M. W. Reeder "The Rise and Fall of Unions: The Public Sector and the Private," *Journal of Economic Perspectives*, 2, no. 2 (1988), pp. 89–110.

³¹ Farber and Krueger, "Union Membership in the United States: The Decline Continues."

TABLE 1.3 Job Satisfaction by Union Status, 1977–1992

Source: Adapted from H. S. Farber and A. B. Krueger, "Union Membership in the United States: The Decline Continues," in B. E. Kaufman and M. M. Kleiner, eds., *Employee Representation: Alternatives and Future Directions* (Madison, WI: Industrial Relations Research Association, 1993), p. 120.

	Nonunion Workers			Union Workers		
	1977	1984	1992	1977	1984	1992
Percentage satisfied with:						
Overall	87	89	90	88	85	90
Pay	59	75	76	75	77	87
Job security	73	85	88	76	78	77

Nonunion employees may be treated more consistently in promotions and pay increases, have more involvement in managing production, be subject to fewer rules, and have a more leisurely work pace.³²

An historical perspective suggests that the relatively small proportion of the workforce belonging to unions is strongly related to the economic history of the United States. While U.S. unions have waxed and waned at various points during the past two centuries, several conditions may have prevented their empowerment. First, employers fiercely protected, and unions ceded to them the capitalistic, market-driven system that the United States has embraced. Thus, prices, and ultimately wages, are controlled by the market rather than by collective bargaining or administrative order. Second, with the exception of the skilled trades, employers have always controlled the content of jobs. Even skilled trades have been increasingly defined by employers through attempts to blur their boundaries. Third, employers have historically been involved with the U.S. educational system, especially the high schools, colleges, and universities that have the closest relationship to developing skills of future employees. Ironically, given organized labor's strong advocacy of free public education, this has occurred within both private and public school systems. Fourth, business has been strongly involved with government in advocating legislation, in providing executives for public policy positions, and in using the courts to litigate labor problems. Fifth, and probably most telling, the large middle class in the United States has had strong interests in efficiency and productivity. If the middle class perceives income distribution as fair, then support for collective bargaining will not be strong.³³

The fifth point—the effect of the middle class—appears to be the most important (recognizing that it's also related to the others). The future ability of the labor movement to exercise monopoly power depends on a class consciousness developing or a perception by the middle class that income is unfairly distributed. If the middle class decreases in size, relative to the upper and lower classes, then the lower class could exert more power through unions because efficiency claims

³² J. Evansohn, "The Effects of Mechanisms of Management Control on Unionization," *Industrial Relations*, 28 (1989), pp. 91–103.

³³ For a provocative expansion of these issues, see D. Montgomery, *The Fall of the House of Labor* (New York: Cambridge University Press, 1987).

would not be as strong. If the income distribution is perceived as unfair, as median voters, the middle class may seek collective bargaining as a method for restoring an appropriate balance. Recent econometric studies find that income inequality has increased as union coverage declined. A comparison of the United States and Canada shows that inequality is substantially lower in Canada, which has a larger proportion of unionized employees.³⁴ However, two commentators who earlier saw differences in institutions between the United States and Canada being related to differences in levels of unionization, now predict continuing decline for private sector unions in both countries unless there is a major upswing in organizing activity and success.³⁵ Organizing activity is financed by current union members. Increasing unionization in the industry or community where an individual is employed can positively influence wages and benefits, but organizing elsewhere may have little additional value unless it's highly pervasive. The resources necessary to successfully organize would require large contributions from current members.³⁶

Transformation in Industrial Relations Systems

From the end of World War II until the late 1960s, the American economy led the world in innovation and productivity. However, the 1970s and early 1980s found the United States lagging in productivity and gripped in a period of high inflation and low profitability. Part of this was due to substantial real increases in the price of oil following political turmoil in the Middle East, contributing to the establishment of the Organization of Petroleum Exporting Countries (OPEC) oil cartel. Automobile manufacturers, in particular, lost considerable market share because their products had both lower gas mileage and were of substantially lower quality than comparably priced imports. Japanese manufacturers established a growing reputation for high quality and productivity. American automobile manufacturers sought to imitate the workforce flexibility, team-based work designs, and higher skill requirements found among the Japanese manufacturers. These major discontinuities in the American economy shifted the initiative in employee relations from labor to management—a trend that has continued to the present and one that is also generally prevalent in so-called “new economy” organizations.³⁷

Presently, the greatest challenge facing private sector unions is the continually increasing globalization of production. As we will discuss in more detail in Chapter 8, competition from foreign labor reduces union bargaining power and

³⁴ J. DiNardo and T. Lemieux, “Diverging Male Wage Inequality in the United States and Canada, 1981–1988: Do Institutions Explain the Difference?” *Industrial and Labor Relations Review*, 50 (1997), pp. 629–651.

³⁵ J. B. Rose and G. N. Chaison, “Unionism in Canada and the United States in the 21st Century,” *Relations Industrielles*, 56 (2001), pp. 34–62.

³⁶ H. S. Farber and B. Western, “Accounting for the Decline of Unions in the Private Sector, 1973–1998,” *Journal of Labor Research*, 22 (2001), pp. 459–485.

³⁷ For a theoretical approach to understanding these changes, see C. L. Erickson and S. Kuruvilla, “Industrial Relations System Transformation,” *Industrial and Labor Relations Review*, 52 (1998), pp. 3–21. For an intensive exploration of the changes, see T. A. Kochan, H. C. Katz, and R. B. McKersie, *The Transformation of American Industrial Relations* (New York: Free Press, 1986).

can lead to the loss of jobs. One study found that for any industry in which more than 10 percent of goods was produced in low-wage countries, these low wages influenced U.S. wage rates for production employees in those industries.³⁸ While major employers have increasingly exercised global options, unions around the world have maintained jurisdictions largely within their own countries. In fact, within North America, unionization has become more country-specific during a period in which employment and plant location alternatives have increased.

In understanding the threats facing unions in maintaining or increasing membership, it is important to understand that in many cases economics are international while politics are local. When an employer decides to outsource or move production abroad, the decision frequently sets up internal competition among employees to retain jobs. Often, unionized workers from two different local unions of the same national will offer competitive concessions to have their plant be the one that remains open. This may increase job security for the winners, but it erodes union bargaining power on a companywide basis. Companies also may seek tax concessions from governments representing a particular country or geographical region in deciding where to locate.

Bargaining power is higher for unions that represent workers who must deliver services directly to the consumer. For example, domestic air travel cannot be provided by French or Indian carriers, and baggage handlers are always domestic workers. These unions are less vulnerable to international comparisons, but they may be vulnerable to nonunion entries in their industries. We would expect these unions to have greater survival opportunities in the future. The same would hold true for local construction. Once a site has been selected, there is no geographic competition unless the employer imports workers from other locations.

What Should Unions Do?

The challenge to unions involves membership. Traditionally, membership depended on employment in a workplace governed by a collective bargaining agreement. If union workers lost their jobs, union membership often terminated. Only in the building trades, the maritime unions, and some entertainment unions did membership survive after employment ended. The reason was that union **hiring halls** were the primary source of employees. If future employees have increasingly temporary ties to an employer, more unions may take on the same features as the building trades. They could offer continued benefits and training programs to improve occupational skills and enable members to excel in comparison to nonmembers. If industrial unions don't offer these services and act only as collective bargaining agents, they will find it increasingly difficult to attract members in a transient employment environment.

With the increased mobility of capital experienced during the last 25 years, one source of potential union power and solidarity could be the development of community-based movements.³⁹ These movements could reinforce the resolve of employees in companies with difficult labor relations problems, reduce

³⁸ R. B. Freeman, "Are Your Wages Set in Beijing?" *Journal of Economic Perspectives*, 9 (1995), pp. 15–32.

³⁹ Nissen, "Successful Labor-Community Coalition Building," and Piore, "The Future of Unions."

Exhibit 1.1

LINDA CHAVEZ-THOMPSON SPEECH ON LABOR ACTIVISM AND THE LAW

My . . . message is that working people need your energy—your talent—your advice—your creativity now more than ever and we need it in many ways and many areas.

You've probably noticed that the labor movement is organizing more now than at any time in recent years. This is not a matter of choice—this is a matter of absolute necessity.

We are investing more money in organizing, training more organizers, and bringing more young people into the labor movement through our Union Summer internship program. And these efforts are paying off.

Last year, the number of workers represented by a union increased by more than 265,000, the largest increase in union membership in more than 20 years.

We are beginning to turn the corner, but brothers and sisters, we have a long way to go. Our organizing work is made ever so much more difficult because of two things—two things you are all familiar with because you face them day in and day out in the work you do.

First, the law is weak. It just doesn't protect workers like it needs to.

Second, employer resistance to union organizing is strong—and getting stronger.

The truth is that there's a dirty and vicious war that's going on in America's workplaces—a war against working people who want to organize into unions so they can have a voice on the job.

Source: L. Chavez-Thompson, "Labor Activism and the Law," Boston, May 8, 2000.

employers' ability to hire replacement workers for strikers, and galvanize a united local policy on employment.

The labor movement is increasingly focusing its attention on organizing, particularly among professionals and low-paid service workers. It sees formidable barriers in its path, particularly the vigor of employer anti-union campaigns and what it considers the lax enforcement of existing labor law and its protection of concerted activity. Exhibit 1.1 conveys the American Federation of Labor and Congress of Industrial Organizations' (AFL-CIO) position.

Within the labor movement, there is a great deal of debate about the strategy that organized labor in the United States should adopt for the future. As we will note in Chapters 4 and 5, labor has always been politically active, almost always casting its lot with the Democratic Party. However, since the passage of the Wagner Act in 1936 (covered in Chapters 2 and 3), no major laws and regulations have been enacted that enhance union power vis-a-vis employer power. Thus, unions have not generally benefited much from a Democratic president and/or Democratic majorities in Congress, but they have been at risk from Republican presidents and/or Republican majorities in Congress. As we will also note in Chapters 3 and 6, the "winner-takes-all" rules in union representation elections mean that union members who are not in represented units cannot invoke their union's power on their behalf, contrary to what occurs in several European Union (EU) countries.

Should unions, in the future, increasingly cooperate with management in the workplace, maintain the status quo, or become more militantly adversarial?⁴⁰ In society, as a whole, should unions adopt a “value-added unionism” approach aimed at increasing mutual gains for both employers and employees as a vehicle for enhancing relevance for organizing and reducing employer opposition, or should they shift their approach from traditional “business unionism” toward “social movement unionism” in which industrial and social justice become the touchstones to catalyze organizing?⁴¹ For the latter to occur, a national class consciousness would need to develop. If income inequality were to increase and occupational mobility were to stagnate, this outcome might be possible. For value-added unionism to take hold, unions would need to find a way to enhance productivity at rates greater than employer-designed human resource management systems could deliver.

Summary and Preview

The evidence indicates that dissatisfaction leads to interest in organizing. For the most part, the general public sees unions and their leaders as beneficial to the public interest but also likely to increase tensions in the workplace. A significant minority of unorganized employees say they would vote for union representation if an election were held in their work unit.

Cohesiveness appears to be necessary for successful organizing. Similarities among group members and external threats have a positive influence on cohesiveness. The adversarial role that unions take also is likely to enhance the cohesiveness of their memberships.

This book examines the historical development of the labor movement, the structure of unions and institutions involved in labor relations, and the processes of collective bargaining, including the identification of bargaining issues, negotiations, and contract administration.

Plan of the Book

The title, *Labor Relations: Development, Structure, Process*, was not chosen haphazardly. The first part of the title indicates a focus on the employment relationship in unionized settings. The rest of the title establishes the topical flow of the book.

Development

The present state of the labor movement and collective bargaining results from a variety of economic and social situations in which strategic choices were made by labor leaders and managers. To examine the development of the labor movement, we must understand the conditions related to the initial formation of unions.

⁴⁰ See S. Estreicher, “Strategy for Labor,” *Journal of Labor Research*, 22 (2001), pp. 569–580 for a conversation among unionists representing each of these three views; for a complete and provocative view see H. N. Wheeler, *The Future of the American Labor Movement* (Cambridge, UK: Cambridge University Press, 2002); and A. Verma, S. Wood, and T. Kochan, eds., “Union Decline and Prospects for Revival,” *British Journal of Industrial Relations*, 40, no. 3 (2002).

⁴¹ B. Nissen, “The Recent Past and Near Future of Private Sector Unionism in the U.S.: An Appraisal,” *Journal of Labor Research*, 24 (2003), pp. 323–338.

Public opinion influenced the response of public officials toward the subsequent formation of unions and their operation.

Other areas of interest concern the reactions of employers to unions. Where did unionization begin? In what industrial sectors have unions been most prevalent? How have the parties adapted to each other over the long run? What are the present stances of employers toward unions, and where are the greatest changes occurring?

Chapters 2 and 3 address development issues, tracing the historical evolution and present public policy environment in which American labor operates. Although union activity has occurred throughout the nation's history, effective labor organizations are about 120 years old. These chapters indicate that labor law and its enforcement have played an important role in the conduct of labor relations. The development chapters trace societal and economic changes and detail the statutes that have contributed to the development and particular shape of collective bargaining in the United States—in particular, legislation passed in the 1930s to protect employees in forming unions and engaging in collective bargaining contributed to union growth. The current interpretation of statutes may be hastening the decline.

Structure

The examination of union structure focuses on the office and institutions that make up the labor movement or have major impacts on it. In this regard, the last part of Chapter 3 details the federal institutions involved in regulating collective bargaining. Chapter 4 lays out the structure of the various organizational levels of the labor movement and identifies the location of its power centers. Chapter 4 also discusses the organizational structure of several national unions, the roles played by union officers, and the causes and consequences of the recent increase in union mergers. Chapter 5 examines the attitudes and activities of union members and the political activities of unions. The various structures within which negotiations between labor and management take place are detailed in Chapter 8.

Process

The greatest emphasis in this text is on process. This section concerns methods used to organize employees into unions, identifies issues of importance in bargaining, explains the organization and processes involved in negotiations, and details how labor and management deal with differences that occur during bargaining and after a contract has been signed. These areas are covered in Chapters 6 through 15.

Special Chapters

The last two chapters of the book involve special issues that involve development, structure, and process. Chapter 16 covers differences in collective bargaining in the public sector. Chapter 17 examines some of the differences between unions and labor relations in the United States and other industrialized nations.

Preview

In this text, each chapter begins by introducing the subject and highlighting some major issues that should be explored to gain an understanding of the development, structure, or process of labor-management relations.

Most chapters end with discussion questions that either relate to relatively broad issues raised in the chapter or that ask for a position to be formulated for labor or management on one of these issues. Many chapters also conclude with case material. A continuing running case will be based on a simulated organization, General Materials & Fabrication Corporation (GMFC), a heavy-equipment manufacturer. Other cases or incidents involving different types of employers are also included. The first case involving GMFC is at the end of Chapter 6. Later, a mock negotiation exercise, contract administration cases, and cases discussing arbitration issues arising from the contract are presented. These cases should help you gain a greater appreciation of the process involved in the collective bargaining relationship.

Some chapters also have references to Web sites; however, these will not be extensive lists because addresses often change, especially for topical materials, and the quality of search engines has improved substantially since the last edition was published.

Point of View

Most readers of this book are or have been employed, but most probably have not been union members, and most probably do not expect to be union members. But readers have likely formed attitudes toward labor unions and collective bargaining through information provided by the news media. Media attention is usually focused on unusual events. In labor relations, this usually means a major negotiation, strike, lockout, or an unlawful practice charge. The media shouldn't be faulted for this—excitement draws viewers and sell newspapers, but it does not reflect day-to-day labor relations in the United States. Overt disagreement, occurring in strikes, lockouts, and unlawful practices, is relatively infrequent.

This text includes information to increase your understanding of labor relations as it is practiced in the United States. This understanding must be based on the evolution and development of the labor movement to its present form, the subject matter and jurisdiction of labor law, and the practices of the two major parties in the process—management and labor.

The subject should be interesting. In teaching courses in organizational behavior, human resource management, and labor relations, I have found most students are more intrinsically interested in labor relations than in the other two subjects, perhaps because we are likely to have strong attitudes about what we think are the proper roles each party should take in the process and notions about which side should be blamed for the problems surrounding labor relations. I do not expect your basic posture toward labor relations to change as a result of either reading this book or taking a course, but I expect that you will gain a far greater understanding of why the parties act as they do.

Key Terms

Labor relations, 1
Union, 1
Employer, 1
Employee
representation, 1
Collective bargaining, 1
Establishment, 1
Line manager, 3

Employee relations, 3
Human resource
manager, 3
Industrial relations,
manager, 3
Spillover, 4
Monopoly power, 4
Voice power, 4

Job security, 8
Organizing
campaign, 8
Representation, 13
Local union, 15
Median voter, 15
Hiring hall, 18

Web Site

www.unionstats.com