Chapter 14 – Collective Bargaining and Labor Relations

This chapter provides an overview of private-sector labor–management relations in the United States, with brief attention to public-sector differences and international labor relations. After a model of labor–management relations and a context for current relationships are provided, various aspects of the process of collective bargaining are described. Cooperative forms of labor–management relations are then presented. Finally, an explanation is given for how changes in competitive challenges are influencing labor–management interactions.

Students may not be familiar with the concept of collective bargaining and action. Thus, instructors may wish to present LO14-1. Providing a foundation will assist students in understanding workers’ rights and union representation and subsequent LOs (LO14-2, LO14-3, LO14-4, and LO14-5). Instructors may wish to integrate other exercises and discussions of cases to ensure students understand and can apply these concepts.

LO14-6 and LO14-7 builds upon previous concepts, asking students to understand labor relations within the international context, as well as within the public sector. Here, too, instructors may wish to use the cases and questions within the chapter to illustrate the concepts.

Learning Objectives

LO 14-1: Describe what is meant by collective bargaining and labor relations.

LO 14-2: Identify the labor relations goals of society, management, and labor unions.

LO 14-3: Explain the legal environment’s impact on labor relations.

LO 14-4: Describe the major labor–management interactions: organizing, contract negotiations, and contract administration.

LO 14-5: Describe new, less adversarial approaches to labor–management relations.

LO 14-6: Explain how changes in competitive challenges (e.g., product market competition and globalization) are influencing labor–management interactions.

LO 14-7: Explain how labor relations in the public sector differ from labor relations in the private sector.

Society for Human Resource Management *Body of Competency & Knowledge*

This chapter contains content which may be identified within the following content areas in HR Expertise:

* HR Strategic Planning
* Employee Engagement & Retention
* Total Rewards
* Workforce Management
* Employee & Labor Relations
* HR in the Global Context
* Risk Management
* U.S. Employment Law & Regulations

Human Resource Certification Institute’s *A Guide to the HR Body of Knowledge*

This chapter contains content which may be identified within the following content areas:

* Business Management & Strategy
* Employee and Labor Relations
* Workforce Planning and Employment
* Risk Management

Guidance to Discussion Questions and End of Chapter Sections

**Discussion Question 1:** Why do employees join unions?

Responses should identify wages, benefits, working conditions, and supervisory methods as leading reasons for unionization, and the potential for a collective voice as a method to balance power between management and employees.

**Discussion Question 2:** What has been the trend in union membership in the United States, and what are the underlying reasons for the trend?

Students should recognize that membership has consistently declined as a percentage of employment. Students may suggest a number of reasons for this, such as a decline in manufacturing industries, increases in employer union resistance, progressive HRM policies, increases in employment legislation.

**Discussion Question 3:** What are the consequences for management and owners of having a union represent employees?

Responses should identify how management may find less flexibility, as well as higher wage and benefit costs, but it may also find the potential for higher productivity and better relationships, dependent on the union–management interactions.

**Discussion Question 4:** What are the general provisions of the National Labor Relations Act, and how does it affect labor–management interactions?

Responses should include the following: The NLRA provides a detailed list of individuals' rights regarding organizing a union, contract bargaining, and involvement (or lack thereof) in job (concerted) actions. These rights are referred to as Section 7 rights. Section 8 lists unfair labor practices for both employers and unions. Students could present and discuss each of these. The NLRB (the primary enforcement agency) was also mandated by the act. The NLRA encouraged unionization in order to provide employees with a balance of power vis-à-vis employers. It affects labor relations by providing a structure for negotiations and conflict resolution.

**Discussion Question 5:** What are the features of traditional and nontraditional labor relations? What are the potential advantages of the “new” nontraditional approaches to labor relations?

Traditional labor relations can be characterized as adversarial in nature. Negotiations are generally win‒lose, and grievances tend to be settled at the third and fourth levels of the process. Nontraditional labor relations include an emphasis on problem-solving and win‒win negotiations. Grievances may more frequently be settled informally at the first step. Additionally, employees may be involved in team efforts and participate in decision making.

**Discussion Question 6:** How does the U.S. industrial and labor relations system compare with systems in other countries, such as those in western Europe?

Students may discuss how the U.S. industrial relations system has a very low relative union density rate, and the union wage premium is higher in the United States. Western European unions have a much higher level of formal worker participation in decision making.

**Exercising Strategy**

Different Varieties of Collective Bargaining Contracts and Labor–Management Relations

1. Why do you think that Verizon and its unions had a work stoppage during their 2016 contract negotiation, but not in their more recent contract negotiation?

Responses will vary, but should focus on the role of unions in contract negotiations.

1. How is the labor–management relationship at Kaiser Permanente different from some more traditional labor–management relationships? Why do you think that is?

It does not have an adversarial relationship with the union. It pairs managers and union-represented employees who focus on improving quality, affordability, service, and the work environment.

1. Explain Boeing’s reasons for wanting to have an alternative (to Seattle) to produce aircraft. Explain why it chose South Carolina.

It is likely that Boeing received tax benefits by placing a plant in South Carolina. Employees in the South Carolina plant earn less than their counterparts in Seattle, so there is a cost savings for the company. Most employees in the South Carolina plant voted against unionization, possibly because they believe unions would have a negative effect on future economic development in the state.

1. If you were an employee at Boeing in South Carolina, would you have voted for or against the union? Explain.

Responses will vary.

**Managing People**

Twinkies, HoHos, and Ding Dongs: No Treat for Labor Unions

1. Why did Hostess Brands Inc. go into bankruptcy?

Responses will vary, but one reason identified in the case was due to a nationwide strike by one of their unions.

1. Did unions act in the best interests of the workers they represented? Did the two unions involved follow the same strategy?

Responses will vary.

1. Will the new company, Hostess Brands LLC, perform better? Why or why not?

Responses should demonstrate an understanding of talent, wages, and unions within the context of the response. For example, will the nonunionized employees, or even the outsourcing of delivery, lead to better performance, reduced costs, or other issues that are counter to the desire of Hostess Brands Inc.?

**HR in Small Business**

Republic Gets Serious

1. Richard Gillman attempted to stay in business by transferring work to a nonunion facility, and Kevin Surace plans to make the operation profitable as a union shop. Do you think the decision to rely on union or nonunion labor spells the difference between the success and failure of this enterprise? Why or why not?

Responses will vary, but students may identify the problems faced by Gillman and his company as not related to the workers being union or nonunion.

1. How (if at all) do you think Kevin Surace’s initial approach to the union when acquiring the company will influence the business success of the window factory?

Responses will vary, but should discuss the approach to a positive relationship with the union and its workforce.

1. Imagine that Serious Materials has hired you as an HR consultant for the Chicago window factory. Suggest how the company can build on its initial goodwill with workers to create positive labor relations and a highly motivated workforce for the long run.

Including the union leadership in the initial discussions was met with positive results, so students may use this as rationale in future inclusion of the union where possible. This inclusion may lead to further goodwill and cooperation. Students may also identify other areas (wages, working conditions, hours, discretionary benefits and promotion opportunities) as other avenues to garner goodwill.

Guidance to Chapter Cases

**A Look Back**

Labor Union Strength Continues Its Decline in the United States, but Remains a Factor in Certain Sectors

1. Many people picture labor union members as being men in blue-collar jobs in manufacturing plants. Is that accurate? Are there certain types of jobs where an employer can be fairly certain that employees will not join a union? Give examples.

Responses will vary, but should include that although many blue-collar jobs are unionized and have been for many years, white-collar jobs are becoming unionized as well. Students could mention that managers in high-tech fields with young workers may be able to assume that their employees will not join a union.

1. Why do people join labor unions? Would you be interested in joining a labor union if given the opportunity? Why or why not? As a manager, would you prefer to work with a union, or would you prefer that employees not be represented by a union? Explain.

Responses should identify job security, better benefits and working conditions, and higher wages. Student responses will vary about whether they would be interested in joining a union and why. Students will have different opinions on whether, as a manager, they would prefer to work with a union or not.

1. What led to a change in labor relations at Chrysler’s Dundee engine plant? What was the nature of the change, and do you think it is an important and sustainable change?

Responses may cite the external environment and the global economy (along with global competition) as reasons for change. The change itself has two objectives: a) to increase the involvement of individuals and work groups in overcoming adversarial relations and increasing employee commitment, motivation, and problem solving; and b) to reorganize work so that work rules are minimized and flexibility in managing people is maximized. The nature of the change is dramatic and important for the company strategically because it is attempting to change the company culture and improve financial performance.

1. What role do (or can) labor unions play in low-wage countries such as Bangladesh?

The role for labor unions in these regions would be to protect workers’ rights (i.e. work rules and wages) and promote their safety at work. It would appear that both of these functions are of critical importance in Bangladesh at this time.

**Integrity in Action**

The Alliance for Bangladesh Worker Safety

1. Why did the companies come together to form the Alliance to address worker safety in Bangladesh factories?

It was established to improve workplace safety in Bangladesh’s garment factories in the aftermath of factory trag­edies there.

1. How effective has the Alliance been? Explain.

It appears to have been very successful, with new safety standards, factory inspections, and fire safety training happening in just the first year. Each year the Alliance reported its activities that helped improve safety.

1. What do you think will happen with worker safety in Bangladesh going forward?

Responses will vary.

**Competing through Environmental, Social, and Governance Practices**

Representing Nonunion Employees in the Gig Economy

1. How is the Independent Drivers Guild different from a labor union?

The members are independent contractors, not employees, which means members will not be able to negotiate a contract. In addition, the Guild is partially funded by Uber, and it will not be able to ask the NLRB to intervene if it feels the company is violating the agreement. The IAM union has also pledged to refrain from trying to organize drivers and from encouraging them to strike during the term of the agreement.

1. Why did Uber agree to work with the guild? Why did the IAM union agree to this model?

It is the result of lawsuits and other actions that stem from its model of using contractors instead of employees to render its services. The agreement benefits drivers in several ways, so the unions is beneficial.

1. How well do you think this guild model will work over time? Do you think it will serve as a model for other companies? Explain.

Responses will vary.

1. How will the new minimum wage guarantee for drivers affect the financial future of companies like Uber? How will it affect drivers?

Responses will vary. Most will feel the new minimum wage guarantee will be positive for drivers.

**Competing through Technology**

*Worker Organizing and Competing Apps at Walmart*

1. From a union’s perspective, what are some advantages of using social media and apps for its communications?

Students should identify social media as easy to adopt, relatively inexpensive, and widely accessible. It can also occur in and outside the organization, allowing for workers to communicate easier about unionizing.

1. From a company’s perspective, what are the risks of encouraging employees’ use of social media to communicate with one another?

Responses will vary, but should identify social media as outside the purview of the company, and so leadership may not be aware of such communications. Further, companies must be aware of how managers engage employees through social media, as it may be considered concerted activity and negative posts/responses by managers could put the company at risk.

1. Why did Walmart develop its own app?

Walmart wanted to focus attention back on the company, give the employees additional flexibility in their work schedules, and hopefully keeping employees away from the other app that ultimately wanted them to unionize.

**Competing through Globalization**

France and Labor Reforms: President Macron Says He Does Not Plan to End Up As Did Louis XVI and Marie-Antoinette

1. Would the labor policy changes (“reforms”) put in place by President Macron in France be likely to elicit strong protests in the United States? Explain.

Probably not for several reasons. For instances, the U.S. already allows companies to terminate employees without having to prove financial difficulties.

1. What is President Macron’s rationale for these changes?

He believes it will benefit the economy in the form of investments made by companies.

1. Who will benefit from President Macron’s labor policy changes?

Mostly companies, but possibly also the economy.

Other Classroom Materials: CONNECT

There are CONNECT exercises available through McGraw-Hill, which can greatly assist student preparation for class and understanding of chapter concepts. Instructors may wish to structure the class, where students must complete the CONNECT exercises prior to class, thus, further reinforcing material and allowing instructors to expand and challenge student understanding during class time. CONNECT exercises may be set-up to be time-based, requiring students to practice chapter materials for a specific timeframe. It is the instructors’ discretion how they desire to include this into the course grade, but a low-stakes grading system based on completion is suggested to help encourage student usage, while minimizing penalties for mistakes during completion.

The following activities are available in Connect for this chapter:

**Preparation for Negotiations**

*Click & Drag*

This activity asks students to match scenarios to each of the seven steps management should take in preparing to negotiate.

LO: 14-04 Describe the major labor–management interactions: organizing, contract negotiations, and contract administration.

Difficulty: 2 Medium

Blooms: Remember

AACSB: Analytical Thinking

Topic: Collective Bargaining

**The Legal Environment of Labor Relations**

*Case Analysis*

This activity reviews what companies and unions are and are not permitted to do, and the government agencies they are likely to encounter on the way.

LO: 14-03 Explain the legal environment’s impact on labor relations.

14-04 Describe the major labor–management interactions: organizing, contract negotiations, and contract administration.

Difficulty: 1 Easy; 2 Medium

Blooms: Remember; Understand

AACSB: Knowledge Application

Topic: Federal Laws Affecting Labor Relations

**New Approaches to Labor Relations**

*Case Analysis*

This activity reviews various new approaches to labor relations.

LO: 14-03 Explain the legal environment’s impact on labor relations.

14-05 Describe new, less adversarial approaches to labor–management relations.

Difficulty: 1 Easy; 2 Medium

Blooms: Understand; Apply

AACSB: Analytical Thinking; Knowledge Application

Topic: Labor-Management Relations; Federal Laws Affecting Labor Relations

**Goals of Management, Labor Unions, and Society**

*Click & Drag*

This activity asks students to determine whether various examples are goals of management, labor unions, or society.

LO: 14-02 Identify the labor relations goals of society, management, and labor unions.

Difficulty: 2 Medium

Blooms: Understand

AACSB: Analytical Thinking

Topic: Labor-Management Relations

**Details Behind the Negotiations Process**

*Click & Drag*

This activity asks students to match labor management negotiation statements with the appropriate subprocess: distributive bargaining, integrative bargaining, attitudinal structuring, or intraorganizational bargaining.

LO: 14-04 Describe the major labor–management interactions: organizing, contract negotiations, and contract administration.

Difficulty: 2 Medium

Blooms: Remember

AACSB: Analytical Thinking

Topic: Collective Bargaining

**New Challenges to the Labor-Management Relationship**

*Click & Drag*

This activity presents various labor relations statements and asks students to determine which country's economy it represents: European Union, China, or the U.S.

LO: 14-06 Explain how changes in competitive challenges (e.g., product market competition and globalization) are influencing labor–management interactions.

Difficulty: 3 Hard

Blooms: Remember

AACSB: Analytical Thinking

Topic: Unions in the Global Arena