Knowledgebank: Labor Relations in Business

THE ROLE OF LABOR UNIONS IN ORGANIZATIONS

Labor relations can be defined as the process of dealing with employees who are represented by a union. A labor union, in turn, is a legally constituted group of individuals working together to achieve shared job related goals, including such things as: higher pay, shorter working hours. As we will see later, these goals often include such things as higher wages, enhanced benefits and/or better working conditions. Collective bargaining, a specific aspect of labor relations discussed more fully later in this essay, is the process by which managers and union leaders negotiate acceptable terms and conditions of employment for those workers represented by the unions. Although collective bargaining is a term that technically and properly is applied only in settings where employees are unionized, similar processes, of course, often exist in non-unionized settings as well. In these cases, however, they are likely to be labeled as Employee Relations rather than Labor Relations.

Historical Development of Unions

Figure 1 shows the major historical events in the emergence and growth of labor unions in the United States. Indeed, the historical formation of labor unions closely parallels the history of the country itself. For example, the earliest unions in the United States emerged during the Revolutionary War. These unions were called craft unions. By "craft unions" we mean that each such union limited itself to representing groups of workers who performed common and specific skilled jobs. For example, one of the first unions was formed by shoemakers in Philadelphia in 1794 (the Journeyman Cordwainers Society of Philadelphia). The union’s goal was to enhance the pay and working conditions of all shoemakers.

Many of the earliest unions were localized in nature and often confined their activities to a single setting. But in 1834 the first national unions in the United States began to emerge. Throughout the remainder of the 19th century one major union after another began to appear. Among the most significant were the National Typographical Union in 1852, the United Cigar Makers in 1856, and the National Iron Molders in 1859. As the 19th century ended, there were 30 national unions with a combined membership of around 300,000 individuals.

The first major union to have a significant impact in the United States, however, was the Knights of Labor, founded in 1869. Like most other unions, the Knights originally represented crafts, and sought to improve the lot of its members. But unlike most other national unions that restricted their organizing activities to a single craft or job, the Knights of Labor expanded its goals and its membership to include workers in numerous fields. Their objective was quite simple—the leaders of the Knights of Labor believed that if they could control (or represent) the entire supply of skilled labor in the United States, their ability to negotiate favorable wages would be significantly enhanced. Members would actually join the Knights directly, as opposed to a later model where they would join a separate union that was affiliated with other more specific unions under an umbrella organization.

The Noble and Holy Order of the Knights of Labor (the union’s full name) admitted anyone to membership, regardless of race or creed (which typically were an important
consideration for membership in unions at the time), except for those they considered to be “social parasites” (such as bankers). In addition to improving wages, the Knights of Labor sought to replace capitalism with worker cooperatives. The union enjoyed incredible growth for several years, growing from 52,000 members in 1883 to 700,000 members in 1886. But internal strife, disagreement about goals, and disagreement over what should replace the capitalist model all led to the eventual demise of the Knights of Labor. However, the single event that contributed most to this demise was a mass meeting in Chicago’s Haymarket Square protesting some earlier violence stemming from an attempt to establish an 8-hour workday. When the May 4th meeting was over, further violence left 200 wounded and resulted in the hanging of several leaders of the Knights. By the end of the century the Knights of Labor had all but disappeared from the labor scene.

Even as the Knights of Labor was dying, however, its replacement was already beginning to gather strength. The American Federation of Labor, or AF of L, was founded in 1886 by Samuel Gompers. Like the Knights of Labor, the American Federation of Labor was comprised of various craft unions. But unlike the Knights of Labor, the AF of L sought not to get involved in legislative and political activities, but instead focused its efforts on improved working conditions and better employment contracts. Also unlike the Knights of Labor, the AF of L served as an umbrella organization, with members joining individual unions which were affiliated with the AF of L, as opposed to directly joining the AF of L itself.

While the AF of L focused exclusively on the “business” of unions, there were also a number of other more radical and violent union movements that developed in the wake of the demise of the Knights of Labor. For example, under the leadership of Eugene V. Debs the American Railway Union (ARU) battled the railroads (especially the Pullman Company of Pullman car fame) mostly over wages, and many people were killed during strike violence. Debs also became a leader of the Socialist Party and actually ran for President of the United States on the Socialist ticket in 1920. The Industrial Workers of the World consisted mostly of unskilled workers and advocated extreme violence as a means of settling labor disputes. Since the miners and textile mill owners they battled with also believed in violence as a means of settling labor disputes, many people were killed during strikes organized by the “Wobblies”, as they were called. The union’s opposition to US involvement in World War I led to their being prosecuted for treason, and most of the leaders being jailed.

But for the more mainstream organized labor movement, many of these fringe groups were too radical, and workers preferred the business-like approach of the AF of L. As a result, the AF of L grew rapidly throughout the early decades of the 20th century. Indeed, by the end of World War I, it had a total membership of more than 5 million individuals. Over the next several years however, membership in the AF of L began to decline, and by the mid-1930s its membership stood at approximately 2.9 million members.

One of the weaknesses of the AF of L was its continued focus on crafts. That is, only skilled craftspersons performing very specifically defined jobs were allowed to join.
During the 1930s, however, a new kind of unionization began to emerge that had as its focus industrial unionization. Rather than organizing workers across companies or across industries based on their craft, this new type of union activity focused on organizing employees by industry, regardless of their craft or skills or occupation.

In the late 1930s, John L. Lewis of the United Mine Workers lead a dissenting faction of members of the AF of L to form a new labor organization called the Congress of Industrial Organizations, or CIO. The CIO was the first major representative of the new approach to unionization noted above. The CIO quickly began to organize the automobile, steel, mining, meatpacking, paper, textile and electrical industries. By the dawn of the early 1940s, CIO unions had almost 5 million members.

In the years following World War II, union memberships in the AF of L and the CIO, as well as other unions, was gradually increasing. However, a series of bitter strikes during that same era also led to public resentment and calls for union reform. And Congress did indeed intervene to curtail the power of unions. The AF of L and the CIO then began to contemplate a merger as a way of consolidating their strength. Eventually, in 1955, the AFL/CIO was formed, with a total membership of around 15 million employees. Union membership since that time however has been quite erratic, a fact which we will discuss more fully in the next section. First, however, we will examine the legal context of unions and common union structures.

Legal Context of Unions

Owing in part to the tumultuous history of labor unions in the United States, a variety of laws and other regulations have been passed, some of which are intended to promote unionization and union activities, while others are intended to limit or curtail union activities. As early as 1806, the local courts in Philadelphia declared the Cordwainers to be, by its very existence, in restraint of trade, and so illegal. This Cordwainer Doctrine, as it became known, dominated the law's view of unions until 1843 when the Massachusetts Supreme Court, in Commonwealth v. Hunt, ruled that unions were not by their very nature in restraint of trade, but that this had to be proven in each individual case. This decision led to increased union activity, but organizations responded by simply firing union organizers. Further, after the Sherman Anti-Trust Act was passed in 1890, they once again sought (successfully) court injunctions against unions for restraint of trade. By the 1920’s organizations also sought to identify union leaders as communists in order to reduce public sympathy and give the government an excuse to move on the unions.

By the end of the 1920s, the country was in the grips of the Great Depression and the government soon intervened in an attempt to end work stoppages and start the economy on the road to recovery. The first significant piece of legislation was the National Labor Relations Act passed in 1935. This act is more commonly referred to as the Wagner Act and still forms the cornerstone of contemporary labor relations law. The basic purpose of the Wagner Act was to grant power to labor unions and to put unions on a more equal footing with managers in terms of the rights of employees. Among its most important
provisions that it gives workers are the legal right to form unions, the legal right to bargain collectively with management, and the legal right to engage in group activities such as strikes to accomplish their goals. Moreover, this act also forces employers to bargain with properly elected union leaders and prohibits employers from engaging in certain unfair labor practices, including such practices as discriminating against union members in hiring, firing, and promotion.

The Wagner Act also established the National Labor Relations Board, or NLRB, to administer its provisions. Today the NLRB still administers most labor law in the United States. For example, it defines the units with which managers much collectively bargain and it oversees most elections held by employees that will determine whether or not they will be represented by a union.

In our previous section, we noted congressional activity in the years following World War II that curtailed union power. The most important piece of legislation in this era was the Labor Management Relations Act, also know as the Taft-Hartley Act, passed in 1947. This act was passed in response to public outcries against a wide variety of strikes in the years following World War II. The basic purpose of the Taft-Hartley Act was to curtail and limit union practices. For example, the Taft-Hartley Act specifically prohibits such practices as requiring extra workers solely as a means to provide more jobs and refusing to bargain with management in good faith. It also outlawed an arrangement called the closed shop, which refers to a workplace in which only workers who were already union members may be hired by the employer.

Section 7 of the Taft-Hartley Act also allowed states, if they wished, to further restrict union security clauses such as closed-shop agreements. Roughly twenty states took advantage of this opportunity and have passed laws which also outlawed union shop agreements (where a non-union member can be hired, but must join the union within a specified time in order to keep his or her job), and various other types of union security agreements. These laws are known as “right to work” laws, and the states which have adopted them (which are predominantly in the Southeast) are known as Right to Work States.2

The Taft-Hartley Act also established procedures for resolving strikes which are deemed threatening to the national interest. For example, the President of the United States has the authority under the Taft-Hartley Act to request an injunction that prohibits workers from striking for 60 days. The idea is that during this so-called "cooling off" period labor and management stand a greater chance of being able to resolve their differences. For example, in February 1997 the union representing the pilots at American Airlines announced that its members had voted to strike. Within minutes of this announcement, President Clinton invoked the Taft-Hartley Act ordering the union to cancel its strike. His

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2 Alabama, Arkansas, Florida, Georgia, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Nebraska, Nevada, North Carolina, North Dakota, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia and Wyoming are Right to Work States, although a state can change its status on this issue at any time.
argument was that since American is the nation’s largest air carrier a shutdown would be extremely detrimental to national interests. In addition, the Taft-Hartley Act also extended the powers of the NLRB. For example, following passage of the Taft-Hartley Act, the NLRB was also given the power to regulate unfair union practices.

A final significant piece of legislation affecting labor relations is the Landrum-Griffin Act passed in 1959. Officially called the Labor Management Reporting and Disclosure Act, this law focused on eliminating various unethical, illegal, and undemocratic union practices. For instance, the Landrum-Griffin Act requires that national labor unions elect new leaders at least once every five years, and that convicted felons cannot hold national union office (which is why Jimmy Hoffa was removed as the president of the Teamsters). It also requires unions to file annual financial statements with the Department of Labor. And finally, the Landrum-Griffin also stipulated that unions provide certain information regarding their internal management and finances to all members.

**Union Structures**

Just as all organizations have their own unique structure, so to do large labor unions have unique structures as well. But most unions have some basic structural characteristics in common. Figure 2 shows the basic structure of most unions. The cornerstone of most labor unions, regardless of their size, is local unions, more frequently referred to as "locals." Locals are unions that are organized at the level of a single company, plant, or small geographic region. Within each local, there is a very important elected position called the shop steward. The shop steward is a regular employee who functions as a liaison between union members and supervisors.
Local unions are usually clustered by geographic region and coordinated by a regional officer. These regional officers, in turn, report to and are a part of a national governing board of the labor union. The national affairs of a large union are generally governed by an executive board and a president. These individuals are usually elected by members of the union themselves. This election takes place at an annual national convention that all union members are invited to and are encouraged to attend.

The president is almost always a full time union employee and may earn as much money as a senior manager of a business. The executive board functions much more like a board of directors and is generally comprised of individuals who serve on the board in addition to their normal functions as employees of an organization. And just as a large business has various auxiliary departments such as public relations and a legal department, so do large national unions have auxiliary departments as well. These auxiliary departments may handle such things as legal affairs of the union they may oversee collective bargaining issues and they may provide various assistance and service to the local unions as requested and needed.

TRENDS IN UNIONIZATION

While understanding the historical, legal, and structural context of labor unions is important, so too is an appreciation of other trends regarding such things as union
membership, union-management relations, and bargaining perspectives. These are each discussed in the sections that follow.

**Trends In Union Membership**

Since the mid-1950s, labor unions in the United States have experienced increasing difficulties in attracting new members. As a result, while millions of US workers still belong to labor unions, union membership as a percentage of the total workforce has continued to decline at a very steady rate. For example, in 1977, over 26 percent of US wage and salary employees belonged to labor unions. But today, that figure is about 14 percent of those workers. Moreover, if government employees are excluded from consideration, then only around 11 percent of all private industry of all wage and salary employees currently belong to labor unions. These membership trends are shown in Figure 3.
Furthermore, just as union membership has continued to decline, so has the percentage of union organizing campaigns that have been successful. In the years immediately following World War II, for instance, and continuing on through the mid-1960s, most unions routinely won certification elections. In recent years, however, labor unions are winning certification fewer than 50 percent of the time in which workers are called upon to vote. From most indications then, the power and significance of labor unions in the United States, while still quite formidable, is also significantly lower than it was just a few decades ago. There are a number of factors that explain the declining membership in labor unions today.
One very common reason that is cited is changes in the composition of the work force itself. Traditionally, union members have been predominantly white males in blue-collar jobs. But as most people are aware, today's workforce is increasingly composed of women and ethnic minorities. Given that these groups have a much weaker tradition of union affiliation, their members are less likely to join unions when they enter the workforce. A corollary to these trends has to do with the fact that much of the workforce has shifted towards geographic areas in the south and toward occupations in the service sector in the economy that have also traditionally been less heavily unionized.

A second reason for the decline in union membership in the United States is more aggressive, anti-unionization strategies undertaken by businesses. While the National Labor Relations Act and other forms of legislation specify strict practices of management vis-à-vis labor unions, nevertheless companies are still free to pursue certain strategies intended to eliminate or minimize unionization. For example, both Motorola and Proctor and Gamble now offer no lay-off guarantees for their employees and have created a formal grievance system for all workers. These arrangements were once only available through unions. But because these firms offer them aside from any union contract, employees are likely to see less benefit from a potential union.

Some companies have also worked to create a much more employee-friendly work environment and strive to treat all employees with respect and dignity. One goal of this approach is to minimize the attractiveness of labor unions for employees. And many Japanese manufacturers that have set up shop in the United States have successfully avoided unionization efforts by the United Auto Workers by providing job security, better wages, and a work environment in which employees are allowed to participate and be actively involved in the management of the facilities.

**Trends In Union-Management Relations**

The gradual decline in unionization in the United States has been accompanied by some significant trends in union management relations. In some sectors in the US economy, perhaps most notably the automobile and steel industries, labor unions still remain very strong. In these areas, unions have a large membership and considerable power vis-à-vis the organizations in which they work. The United Auto Workers, for example, is still one of the strongest unions in the United States today.

But in most sectors of the economy labor unions are clearly in a weakened position and, as a result, many have had to take a much more conciliatory stance in their relations with managers and organizations. This contrasts sharply with the more adversarial relationship that once dominated labor relations in this country. Increasingly, for

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3 "Companies Counter Unions," *USA Today*, September 1997, pp. 1B, 2B.

instance, unions recognize that they don't have as much power as they once held and that it is in their own best interests, as well as the best interests of the workers that they represent, to work with management as opposed to working against management. Hence, union management relations are in many ways better today than they have been in many years. Admittedly, this improvement is attributable in large part to a weakened power of unions, nevertheless most experts would agree that union-management relations have indeed improved.

**Trends In Bargaining Perspectives**

Building upon the trends identified in the two previous sections, it also follows that bargaining perspectives have also altered in recent years. For example, in the past most union management bargaining situations were characterized by union demands for dramatic increases in wages and salaries. A secondary issue was usually increased benefits for union members. But now unions often bargain for different kinds of things, such as job security. Of special interest in this area is the trend toward moving jobs to other countries to take advantage of lower labor costs. Thus, unions might want to restrict job movement, whereas companies might want to maximize their flexibility vis-à-vis moving jobs to other countries.\(^5\)

As a result of organization downsizing and several years of relatively low inflation in this country, many union today, rather than striving for wage increases, instead opt to fight against wage cuts. Similarly, organizations might be prone to argue for lower health care benefits and other benefits for workers, and a common union strategy today is simply to attempt to preserve what currently exists. Unions also place greater emphasis on improved job security for their members. An issue that has become especially important in recent years has been to focus on improved pension programs for employees.

**THE UNIONIZATION PROCESS**

The laws discussed earlier, as well as various associated regulations, prescribe a very specific set of steps that employees must follow if they want to establish a union. These laws and regulations also dictate what management can and cannot do during an effort by employees to form a union.

**Why Employees Unionize**

Why do employees choose to join labor unions? In the simplest of terms, the answer is really very straightforward: they believe that they are somehow better off as a result of joining a union than of choosing to not join a union.\(^6\) More precisely, employees are


more likely to unionize when they are dissatisfied with some aspect of their job, they believe that a union could help make this aspect of the job better, and they are not philosophically opposed to unions or to collective action.\(^7\)

But the real answer is much more complex than this. In the early days of labor unions, people chose to join them because their working conditions were in many cases so unpleasant. In the 18\(^{th}\) and 19\(^{th}\) century, for example, in their quest to earn ever greater profits, some business owners treated their workers with no respect. For example, they often forced their employees to work long hours, there were no minimum wage laws or other controls, and there were no safety standards. As a result, many employees worked 12, 15 or 18 hours a day and sometimes were forced to work seven days a week. The pay was sometimes just pennies a day and they received no vacation time or other benefits. Moreover, they worked totally at the whim of their employer and if they chose to complain about working conditions they were dismissed. Thus, people initially chose to join labor unions because of the strength that lay in the numbers associated with the large-scale labor unions.

In many parts of the United States and in many industries, these early pressures for unionization became an ingrained part of life. Union values and union membership expectations were passed down from generation to generation. This trend typified many industrialized northern cities such as Pittsburgh, Cleveland and Detroit. In general, parents’ attitudes towards unions are still an important determinant of whether an employee will elect to join a union.\(^8\) And as noted earlier, strong unionization pressures still exist in some industries today such as the automobile industry, the steel industry, and other economic sectors relying on heavy manufacturing.

**Steps In Unionization**

There are a number of prescribed steps that must be followed if employees are to form and join a labor union. These general steps are shown in Figure 4 and described in more detail below.

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First, there has to be some interest among employees to join a union. In some cases, this interest may arise from among current employees who are dissatisfied or who are unhappy with some aspects of the employment relationship. In other instances, existing labor unions may send professional union organizers to non-unionized plants or facilities in work to create interest in unionization.9

If interest exists in forming a union, the National Labor Relations Board is asked to define the bargaining unit. The bargaining unit refers to the specifically defined group of employees who will be eligible for representation by the union. For example, a bargaining unit might be all non-management employees in an organization or perhaps all clerical workers at a specific site within the organization.

Once the bargaining unit has been defined, organizers must then strive to get 30 percent of the eligible workers within the bargaining unit to sign authorization cards requesting a certification election. It should be noted that signing an authorization card does not necessarily imply that the individual signing the card wants to join a union. Rather, the authorization card simply indicates the individual's belief that an election should be held. If organizers cannot get 30 percent of the workers to sign authorization cards, then the process ends.

But if the required number of signatures is obtained, the next step in forming a union is for organizers to petition the NLRB to conduct an election. The NLRB sends one or more representatives, depending upon the size of the bargaining unit, to the facility and conducts an election. The election is always conducted via secret ballot. If a simple majority of those voting approve union certification, then the union becomes the official bargaining agent of eligible employees. But if a majority fails to approve certification, the process ends. In this instance, organizers cannot attempt to have another election for at least one year.\(^\text{10}\)

If, however, the union becomes certified then its organizers create a set of rules and regulations that will govern the conduct of the union. They also elect officers, establish a meeting site, and began to recruit members from the labor force in the bargaining unit to join the union. Thus, the union comes into existence as a representative of the organization's employees who fall within the boundaries of the bargaining unit.

**Decertification of Unions**

Just because a union becomes certified, however, does not necessarily mean that it will exist in perpetuity. Indeed, under certain conditions an existing labor union may be **decertified**. A company's workers, for example, might become disillusioned with the union and may even come to feel that they are being hurt by the presence of the union in their organization. For example, they may believe that management of the organization is trying to be cooperative and to bargain in good faith but that the union itself is refusing to cooperate.

For decertification to occur, two conditions must be met. First, there must be no labor contract currently in force (that is, the previous agreement must have expired and a new

one not yet approved). And second, the union must have served as the official bargaining agent for the employees for at least one year. If both of these conditions are met, employees or their representatives can again solicit signatures on decertification cards. As with the certification process, if 30 percent of the eligible employees in the bargaining unit sign then the NLRB conducts a decertification election. And again, a majority decision determines the outcome. Thus, if a majority of those voting favor decertification, the union is then removed as the official bargaining agent for the unit. Once a union has been decertified, a new election cannot be requested for certification for at least one additional year.

THE COLLECTIVE BARGAINING PROCESS

When a union has been legally certified, it becomes the official bargaining agent for the workers that it represents. Collective bargaining can be thought of as an ongoing process that includes both the drafting and the administration of a labor agreement.

Preparing for Collective Bargaining

By definition, collective bargaining involves two sides: management representing the employing organization and the labor union representing its employees. The collective bargaining process is aimed at agreement on a binding labor contract that will define various dimensions of the employment relationship for a specified period of time. Thus, it is incumbent upon both management and union leaders to be adequately prepared for a bargaining and negotiation period, since the outcome of a labor negotiation will have long-term effects on both parties.

There are a number of things that management can do to better prepare for collective bargaining. For example, the firm can look closely at its own financial health in order to provide a realistic picture of what it can and cannot do in terms of wages and salaries for its employees. Management can also do comparative analysis to see what kinds of labor contracts and agreements exist in similar companies and can also research what this particular labor union has been requesting—and settling for—in the past.

The union can and should also undertake a number of actions to be effectively prepared for collective bargaining. It, too, should examine the financial health of the company through such sources as public financial records and so forth. And like management, labor can also carefully determine what kinds of labor agreements have been reached in other parts of the country and can determine what kind of contracts other divisions of the company or other businesses owned by the same corporation may have negotiated in recent times.

Setting Parameters for Collective Bargaining

Another part of preparing for collective bargaining is prior agreement on the parameters that the bargaining session will encompass. In general, there are two categories of items that may be dealt with during labor contract negotiations. One set of items, as defined by
law, are mandatory items. Mandatory items include wages, working hours and benefits. If either party expresses a desire to negotiate over one or more of these items, the other party has to agree to this.

Beyond these mandatory items, however, almost any other aspect of the employment relationship is also subject to negotiation provided both sides agree. These items are called permissive items. For example, if the union expresses an interest in having veto power over the promotion of certain managers to higher level positions and if for some reason the company were willing to agree to this as a point of negotiation, then it would be permissible to enter this into negotiations.

But there are some items that are not permissible for negotiation under any circumstances. For example, in a perfect world management might want to include a clause in the labor contract specifying that the union promises to not strike. However, there are legal barriers that prohibit such clauses from being installed in labor contracts, and therefore this would not be permissible.

NEGOTIATING LABOR AGREEMENTS

After appropriate preparation by both parties, the actual negotiation process itself begins. Of course, barriers may also arise during this phase, and bargaining impasses may result in strikes or other actions.

The Negotiation Process

Generally speaking, the negotiation process involves representatives from management and the labor union meeting at agreed-upon times and at agreed-upon locations, and working together to attempt to reach a mutually acceptable labor agreement. In some instances, the negotiation process itself might be relatively brief and cordial. But in other instances it might be very lengthy, spanning weeks or perhaps even months, and also be quite acrimonious. For example, the labor agreement reached between the owners and the union representing the profession of baseball players that was settled in late 1996 took several years to negotiate and was interrupted by a strike by the baseball players.

A useful framework for understanding the negotiation process refers to the bargaining zone,\(^\text{11}\) as shown in Figure 5. During preparations for negotiation both sides likely attempt to define three critical points. For the organization, the bargaining zone and its three intermediate points include the employer's maximum limit, the employer's expectation, and the employer's desired result on items being negotiated. For example, the organization might have as a desired result a zero increase in wages and benefits (also known as management’s “target point”). But it also recognizes this is very unlikely and so what it expects to happen is to have to provide a modest increase in wages and

benefits totaling perhaps four to five percent. But if preparations are done thoroughly, managers also know the maximum amount they are willing to pay, which might be as high as seven or eight percent (management’s “resistance point”). Note that, in this example, management would rather suffer through a strike than pay more than an eight percent pay increase.

FIGURE 5 Sample Union Authorization Card

YES, I want the IAM

I, the undersigned, an employee of United Airlines do hereby authorize the International Association of Machinists and Aerospace Workers (IAM) to act as my collective bargaining agent with the company for wages, hours, and working conditions.

Name (print) _____________________________
Address (print) _____________________________
City ___________________ State Zip
Dept ___________ Shift ___________ Phone ______________________________
Job Title __________________________ Employee # _________________________
Sign Here X _______________________________________________________________

NOTE: The authorization to be SIGNED and DATED in EMPLOYEE’s OWN HANDWRITING. YOUR RIGHT TO SIGN THIS CARD IS PROTECTED BY FEDERAL LAW.

Make sure your card counts, SIGN and DATE the card before you return it.

These cards will not be disclosed to United Airlines at any time. For further information about how cards are used in the representation process see "How to Win Representation Under the Railway Labor Act."

Please print this page. Once you have completed, signed, and dated your A-card, please mail it to:

UAL Organizing Campaign
IAMAW Lodge 1886
5621 Bowen Ct.
Commerce City, CO 80022-9917

If you have questions or need additional cards, contact campaign headquarters at 1-800-411-6069.

Source: UAL Organizing Campaign http://www.iamnow.org/special/acard.htm

On the other side of the table, the labor union also defines a bargaining zone for itself that also includes three points. These three points include the union's minimum acceptable limit on what it will take from management (union resistance point; the settlement level below which, the union will strike), its own expectations as to what management is likely
to agree to and the most it can reasonably expect to get from management (union target point). For instance, the labor union might feel that it has to provide a minimum increase in wages and benefits to its members of two to three percent. They expect a settlement of around five percent but would realistically like to get nine or ten percent. Furthermore, in the spirit of bargaining, they may well make an opening demand to management as high as 12 percent.

Hence, during the opening negotiation session, labor might inform management that it demands a 12 percent wage and benefit increase. And the employer might begin by stating emphatically that no increases should be expected. Assuming, however, that there is some overlap between the organization's and the union's demands and expectations in the bargaining zone (a positive settlement zone), and assuming that both sides are willing to compromise and work hard in reaching an agreement, it is likely that an agreement will, in fact, be attained. Where exactly within that range the final agreement falls depends upon the relative bargaining power of the two parties. This power is a function of many things such as negotiating skills, data on other settlements, and the financial resources needed to either call for (for the union) or survive (for management) a strike.

![Figure 6: The Bargaining Zone](image)

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Much of the actual negotiations revolve around each party trying to discover the other’s resistance point without revealing its own. Since this point represents the least favorable
settlement the party is willing to accept, the opponent who discovers that point then makes a “final” offer exactly at the resistance point. So, for example, if the union discovered that management was willing to go as high as eight percent before breaking off negotiations (and facing a strike), the union would then make an offer at eight percent, and indicate that this was their final offer. Since, by definition, the management would rather pay eight percent than have a strike, they should settle at eight percent, which is actually the most favorable contract the union could have possibly won. Incidentally, once a party makes a true “final offer,” they cannot back away from that position without losing face in the negotiations. As a result, parties usually leave themselves some room for further negotiations and use such phrases as “I cannot imagine our members accepting anything less than an eight percent raise, and I’m sure they walk out on strike if we came back with less.”

The resulting agreement is not necessarily the end of the bargaining process. First, the new contract agreement must be ratified by the union membership. If the membership votes to reject the contract (which typically reflects internal union politics more than anything else), the parties must return to the bargaining table. But, even before the union membership votes, there is a final step in the bargaining process that must be followed. As soon as an agreement is reached, both parties begin to make public statement about how tough a negotiator was the other party. Both acknowledge that they really wanted a lot more, that they hoped they could live with this agreement, but that the other party was so good that this was best agreement they could come up with. This posturing is to help both parties “sell” the agreement to their constituencies and also to allow both parties to maintain their image as a strong negotiator no matter how one-sided the final agreement might be. Once ratified, this agreement then, in turn, forms the basis for a new labor contract.

**Barriers to Effective Negotiation**

The foremost barrier to effective negotiation between management and labor is when the bargaining zones of the respective sides do not coincide (i.e., there is a negative settlement zone). That is, for example, if management's upper limit for a wage increase is 3.5 percent, and if the union's minimum limit for what it is willing to accept is five percent, then there is no overlap in bargaining zones and the two sides will almost certainly be unable to reach agreement. Beyond such differences in bargaining zones, however, other barriers to effective negotiation can also come into play.

For example, sometimes a long history of acrimonious relationships between management and labor make it difficult for the two sides to negotiate in good faith. If, for example, the labor union believes that management of the firm has a history of withholding or distorting information, and that management approaches negotiation from the standpoint of distrust and manipulation then the union will be very suspicious of any proposal made by management and may in fact be unwilling to accept almost any suggestion made by management. Of course the same pattern can hold from the other side as well with management having extreme distrust of the labor union.
Negotiations can also be complicated by inept negotiators and poor communication between negotiators. Effective negotiation is a truly critical skill and one that not everyone possesses. Thus, if managers select as a representative someone who doesn't understand the negotiation process very well, then difficulties are likely to arise.

Hopefully, however, as a result of diligent negotiation, management and labor will be able to agree upon a mutually acceptable labor contract. On the other hand, if after a series of bargaining sessions, management and labor had not agreed upon a new contract, or a contract to replace an existing contract, then either or both sides might declare that they have reached an impasse. An impasse is simply a situation in which one or both parties believe that reaching an agreement is not eminent.

**Resolving Impasses**

If labor and management have reached an impasse, a number of things can be done by either or both sides in an attempt to break the impasse. The basic objective of most of these tactics is to force the other side to alter or redefine its bargaining zone so that an accord can be reached.

The most potent weapon that the union holds is the potential for a strike. A strike occurs when employees walk off their jobs and refuse to work. In the United States, most strikes are called economic strikes because they are triggered by impasses over mandatory bargaining items such as salaries and wages. During a strike, workers representing the union frequently march at the entrance to the employer's facility with signs explaining their reasons for striking. This action is called picketing and is undertaken to elicit sympathy for the union and to intimidate management.

Two less extreme tactics that unions sometimes use are boycotts and slowdowns. A boycott occurs when union members agree not to buy the products of a targeted employer. A slowdown occurs when instead of striking, workers perform their jobs at a much slower pace than normal. A variation on the slowdown occurs when union members agree, sometimes informally, to call in sick in large numbers on certain days. Pilots at American Airlines engaged in a massive “sick out” in early 1999, causing the airline to cancel thousands of flights before a judge ordered the pilots back to work.

There are some kinds of strikes and labor actions that are considered to be illegal. Foremost among these is the so-called wildcat strike. A wildcat strike is one that occurs during the course of a labor contract and is usually undertaken in response to a perceived injustice on the part of management. Because strikes are not legal during the course of a binding labor agreement, a wildcat strike is also at least theoretically unauthorized by the striker's union.

Management also has certain tactics that it may employ in its efforts to break an impasse. One possibility is called a lockout. A lockout occurs when the employer denies employees access to the workplace. Managers must be careful when they use lockouts, however, because their practice is closely regulated by the government. A firm cannot
lock out its employees simply to deprive them of wages in an effort to gain power during the labor negotiation. But suppose, however, the employer has a legitimate business need by locking out its employees. If this business need can be carefully documented, then a lockout might be legal. For example, in 1998 ABC locked out its off-camera employees because they staged an unannounced one-day strike during a critical broadcasting period. Similar, almost half of the 1998-99 NBA season was lost when team owners locked out their players over contract issues. Management also occasionally uses temporary workers as replacements for strikers. These individuals are called strike-breakers. Conflict sometimes erupts between strike-breakers attempting to enter an employer's workplace and picketers representing the interest of the union at the employer's gates.

Sometimes the various tactics described above are successful in resolving the impasse. For instance, after workers have gone out on strike, the organization may change its position and indeed modify its bargaining zone to accommodate potentially larger increases in pay. This is because, after they experience a strike, they realize that the costs of failing to settle are greater than was believed and so they are willing to give more to avoid a strike (i.e., their resistance point has shifted). But, in many situations, other alternatives to resolve an impasse are also available. Common ones include the use of mediation and arbitration.

In mediation a neutral third party, called the mediator, listens to and reviews the information presented by both sides. The mediator then makes an informed recommendation and provides advice to both parties as to what she or he believes should be done. For example, suppose the impasse centers around wage increases, with the union demanding eight percent and the company only being willing to pay five percent. The mediator may listen to both sides and review all the evidence and may subsequently conclude that because of the financial profile of the company and because of other labor negotiations in other industries, five percent is both fair and all the organization can afford to pay. This advice is then provided to both sides. However, the union doesn't have to accept this information and can continue its efforts to exact a higher wage increase from the employer.

Yet another alternative to resolving impasses is arbitration. In arbitration both sides agree in advance that they will accept the recommendations made by an independent third party arbitrator. Like the mediator above, this individual listens to both sides of the picture and presents and reviews all the evidence but in this instance, the information that results is placed in the form of a proposed settlement agreement which the parties have agreed in advance that they will accept. Thus, a settlement is imposed on the parties and the impasse is ended.


But there is some belief that arbitrators tend to impose settlements that “split the difference.” If the parties believe that, they will have an incentive to stick to their original positions and not move towards a settlement, since each such move shifts the middle further away from their target point. As such, the threat of arbitration might “chill” the negotiation process and actually make a negotiated settlement less likely. An alternative form of arbitration has therefore been proposed which, it is argued, should increase the parties to negotiate a settlement by potentially imposing “strike-like” costs on the parties.

Under final offer arbitration, the parties bargain until impasse. At that point the two parties’ final offers are submitted to the arbitrator. Under traditional arbitration, the arbitrator is then free to impose a settlement at any point he or she wishes. But, under final offer arbitration the arbitrator has only two choices for the imposed settlement—the two parties’ final offers. That is, the arbitrator must select either one or the other party’s final offer as the imposed settlement. Thus, the party that does not bargain in good faith may get everything he or she wants in the arbitrator’s decision, but may just as easily lose everything. Under such a system, the parties are more willing to try to reach a settlement on their own rather than go to the arbitrator. Professional baseball uses final offer arbitration to resolve contract disputes between individual players and owners.

**ADMINISTERING LABOR AGREEMENTS**

Another key clause in the labor contracts that are negotiated between management and labor is precise agreements as to how the labor agreement will be enforced. In some cases, enforcement is, of course, very clear. If the two sides agree that the company will increase the wages it pays to its employees two percent a year over the next three years according to a prescribed increase schedule, then there is little opportunity for disagreement. Wage increases can be mathematically calculated and union members will see the effects of this in their paychecks. But other provisions of many labor contracts are much more subjective in nature and thus are more prone to misinterpretation and different perceptions.

For example, suppose a labor contract specifies how overtime assignments are to be allocated in the organization. Such allocation strategies are often relatively complex and suggest that the company may have to take into account a variety of factors such as seniority, previous overtime allocations, the hours or days in which the overtime work is needed and so forth. Now suppose that a supervisor in the factory is attempting to follow the labor contract and offers overtime to a certain employee. This employee, however, indicates that before he or she can accept, it may be necessary to check with the individual's spouse or partner to learn more about other obligations and commitments. The supervisor, however, may feel a time crunch and be unable to wait as long as the

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employee would like and, as a result, may end up awarding the overtime opportunity to another employee. The first employee may feel aggrieved by this course of action and elect to protest.

When there are differences of opinions about such things as overtime and so forth, the individual labor union member takes the complaint to her or his shop steward, a union office described earlier in this essay. The shop steward listens to the complaint and forms an initial impression and has the option of advising the employee that the supervisor handled things appropriately. But there are also other appeal mechanisms as well so that the employee, even if refuted by the shop steward, still has channels for appeal.

And, of course, if the shop steward agrees with the employee, she or he may also follow prescribed methods for dealing with this. The prescribed methods might include starting with the supervisor to listen to his or her side of the story and in continued lines of appeal on up the hierarchy of both the labor union and the company. In some cases, mediation and arbitration may also be called into play at this stage in an effort to resolve the agreement. For example, some of the potential resolutions to the aggrievement described above would be to reassign the overtime opportunity back to the employee that was first asked. Or the overtime opportunity may stay with the second employee with the first employee still receiving pay.