

# Get United

## Organized Labor

### Objectives

- A** Explain the purposes of labor unions.
- B** Describe the impact of organized labor on employees and businesses.



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Do you have a friend or family member who works in a factory? You may not have thought about it, but you can assume that s/he will be given safety equipment, breaks throughout the day, and, of course, a fair working wage. Workers today might take these things for granted, but for people working 150 years ago, these would likely have been unheard-of luxuries.

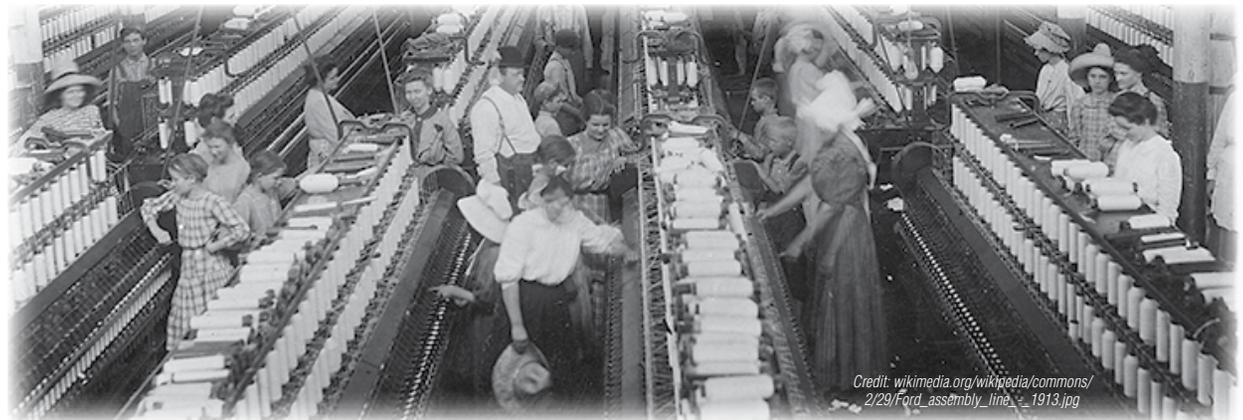


In the 1800s, many industrial workers labored in harsh, dirty, crowded, and dangerous conditions. Often, employers abused employees with low wages, unreasonable hours, and zero benefits. The change between then and now is due in large part to **organized labor**. When workers banded together and formed labor unions, they were able to empower themselves to stand up to employers and demand better treatment. Read on to learn what labor unions are, how they negotiate with employers, and their effect on employees and businesses.

## Workers Unite

During the 1800s, the Industrial Revolution brought many changes to the United States. Many scholars call this period a turning point in human history—because our agricultural society transformed into an industrial one during that time. Our country became more urbanized, and our economy grew by leaps and bounds. Many workers, however, were getting steamrolled by this rapid progress. Industrial laborers were often treated unfairly by their employers, working for low wages in poor or dangerous conditions.

Eventually, workers began to form labor unions. A **labor union** is a group of workers who join together to improve the terms and conditions under which employees work. A union represents all employees as one single entity before management. By forming unions, employees increase their bargaining power so that management is more willing to listen to their needs. Think about it—if one or two workers are dissatisfied and walk off the job, the company will not lose much money. However, if *all* the employees walk off the job, the company will be hurt by the loss of production.



Credit: [wikimedia.org/wiki/File:2/29/Ford\\_assembly\\_line\\_-\\_1913.jpg](https://commons.wikimedia.org/wiki/File:2/29/Ford_assembly_line_-_1913.jpg)

▲ *Poor working conditions during the Industrial Revolution often included long hours with little pay, physical discomfort, unsafe facilities, and cruel treatment.*

Labor unions became a strong force in the American business landscape as the country moved into the 20th century. And though union membership has declined since 1970 or so, about 11 percent of the American workforce remains unionized today (between 14 and 15 million workers). The degree of unionization in the United States varies based on the type of industry and geographical location. In certain industries, almost all employees are unionized. Historically, unions were present in four main industries—mining, transportation, manufacturing, and construction. Over time, however, unionization has expanded to a number of different industries, including more and more service-based fields. As far as geography, unionization is more common in the north-eastern and western regions of the U.S. than it is in the South.

Modern labor unions serve three main purposes:

- Organizing workers into a single bargaining unit
- Negotiating labor contracts
- Ensuring that labor contracts are carried out



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Watch a quick history of labor unions set to the song “Handlebars” by Flobots in this video by xMrScott Productions. (Oh, and you don’t even have to do the assignment at the end!) [https://www.youtube.com/watch?v=3X\\_hEAjHnf0](https://www.youtube.com/watch?v=3X_hEAjHnf0).

## What's your type?

There are three main types of labor unions in existence today. The first is a **craft union**, also known as a **trade union**. These unions include skilled laborers working in specific occupations, such as plumbers, carpenters, or machinists. Examples of craft unions include the United Association of Plumbers and Pipefitters and the United Brotherhood of Carpenters and Joiners of America.

Membership and advancement in a craft union is based primarily upon the degree of skill and experience possessed by the worker in a particular job. There are generally three categories of membership:

- **Apprentice**—The worker is just beginning in the occupation. S/He works under the direct supervision of more experienced union members while learning the trade.
- **Journeyman**—The worker is a skilled union member who has taken courses in the occupational area, passed a state exam, and become licensed by the state (e.g., a licensed painter or a licensed electrician).
- **Master**—The worker is a skilled union member who has worked as a journeyman and is a team leader for other employees in the same occupation. S/He is the supervisor who makes sure that workers complete a job on time. An example of a master may be a skilled plumber in charge of installing all the plumbing for an entire office building.



Because members of craft unions often work on contracts (going from job to job), the union also serves as a job placement agency, helping union members find work. A construction company, for instance, might contact the local carpenters' union when it needs employees on a certain job.

The second type of union is an **industrial union**. Industrial unions include a wide range of workers across an industry, even though the workers may hold a variety of different jobs. Examples of industrial unions include the United Auto Workers and the United Mine Workers of America. To become eligible to join an industrial union, new workers must successfully complete a probationary period and become permanently employed by the company. Then, as regular union members, they are entitled to bid for higher positions within the company as jobs become available. Advancement depends on seniority and qualifications.

Lastly, there are **professional unions**. These unions are common in the public sector and include nurses, teachers, firefighters, actors, athletes, writers, etc. Examples of professional unions include the American Federation of Teachers and the Screen Actors Guild.

## On the level

Most unions are organized on three levels—local, national/international, and federation.

**Local unions.** A **local union** is a chapter of a national or international union that represents workers at a specific company or in a specific geographical area. There are about 60,000 local unions operating in the U.S. today. Union members join up at the local level and pay dues to their local chapter. Local unions are responsible for electing their own officers, scheduling their own meetings, providing membership services, and engaging in community activities. These chapters operate democratically, with all members voting on important decisions, such as approving or rejecting contracts with management.



▲ One of the largest professional unions for nurses is called National Nurses United.

**National/International unions.** **National/International unions** provide leadership for local unions and assist them in negotiating labor contracts. They also help to establish new local unions and to recruit new union members. There are about 75 national/international unions operating in the U.S. and Canada today. Examples of national/international unions include the American Postal Workers Union and the National Air Traffic Controllers Association.

**Federations.** A union **federation** consists of several national unions of different kinds that join together to further their common purposes, such as public relations, political agendas, etc. Three federations operate in the U.S. today. The two largest federations, the American Federation of Labor-Congress of Industrial Organization, or **AFL-CIO**, and the **Change to Win Federation** are umbrella organizations that house numerous unions. While the AFL-CIO is especially concerned with global trade issues, the Change to Win Federation was created to rebuild the American labor movement where the AFL-CIO left off. The third federation, the Industrial Workers of the World, is an international union based in the U.S.

Although many national unions belong to one of these federations, some large unions do not because they have so many members that they can represent themselves. These are called **independent unions**. They control their own local unions and assist in contract negotiations for all members. Like federations, they promote the benefits of unionization, sending information to potential members and organizing new local unions. The National Education Association is an example of an independent union.



Credit: www.AFLCIO.org

▲ *The AFL-CIO brings together employees from many different professions to advocate for fair treatment.*

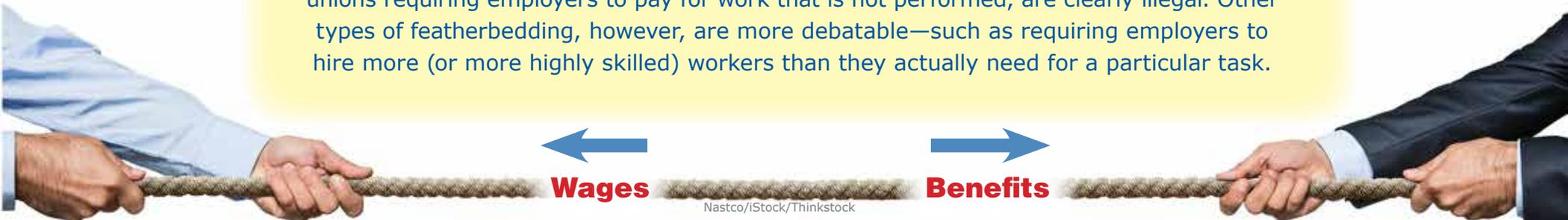
## We've all got issues

Labor unions and company management share a common goal—to keep the business operating effectively. However, their strategies for achieving that goal often differ. While the union is attempting to increase wages, obtain better **benefits**, and improve working conditions for its members, management is attempting to minimize costs and maximize profits. As a result, these two groups often experience conflicts. Most of the conflicts center on the following labor issues:

- **Wages.** Pay is usually the number-one source of conflict between unions and management. Unions seek higher wages and guaranteed **cost-of-living adjustments** (annual pay increases designed to keep up with inflation), while management attempts to reduce labor costs.
- **Benefits.** Unions seek to secure certain benefits for their members, including overtime pay, vacation pay, sick leave, health and life insurance, unemployment compensation, and **pension plans**.
- **Job security and seniority.** To protect the jobs of its members, unions attempt to negotiate for items such as **seniority** ratings, protection from layoffs, rules for terminating employment, **grievance procedures**, and disciplinary procedures. In the modern workplace, many employees are also concerned about losing their jobs to automated technology or outsourcing. Unions strive to protect their members' job security against these threats.

For more on federal laws that restrict unfair labor practices, go to NoLo's article on the subject: <http://www.nolo.com/legal-encyclopedia/unfair-labor-practices.html>.

Ever hear of **featherbedding**? It's a highly controversial labor practice used by unions to protect their members' jobs and livelihoods. Some forms of featherbedding, such as unions requiring employers to pay for work that is not performed, are clearly illegal. Other types of featherbedding, however, are more debatable—such as requiring employers to hire more (or more highly skilled) workers than they actually need for a particular task.



- **Working conditions.** The working environment affects employee morale and well-being. Proper lighting, ventilation, sanitation, and safety equipment and precautions are often discussed during negotiations.
- **Hours.** Due to the increasing popularity of flexible scheduling, employees' working hours has become an important issue. Some unions, for instance, might ask for a 40-hour/4-day work week (10-hour days).
- **Union security.** **Union security** addresses whether or not all the employees at a certain company will become union members. Of course, this is what the union wants. There are three basic types of union representation within a company:
  - 1) **Union shop**—In a union shop, employees are required to join the union after their probationary period, which usually lasts 30 to 90 days. However, union shops have been outlawed in several states by **right-to-work laws**. These laws give employees the freedom to work without being required to join a union. Unionization is limited in right-to-work states.
  - 2) **Agency shop**—In an agency shop, all employees are required to pay union dues, but they do not have to join the union. An agency shop is a union's second choice if a union shop is outlawed.
  - 3) **Open shop**—In an open shop, employees do not have to join the union, nor do they have to pay dues. Management prefers this type of agreement since it permits them to discourage new employees from joining the union, thereby limiting the union's bargaining power.
- **Management rights.** Much is made of workers' rights, but what about management? How much power does the company retain after it signs a contract with the union? Management often attempts to include a "management-rights clause" in labor agreements. It may address the company's right to set criteria for promotions, determine production standards, transfer employees, etc.



In 2016, West Virginia became the 26th right-to-work state in the U.S.

This list of issues is not exhaustive. Every union/management relationship is individual and encounters unique circumstances and conflicts.



Check out this article describing a 2015 conflict between McDonald's and labor unions from CNBC: <http://www.cnbc.com/2015/03/31/the-mcdonalds-fight-that-could-change-franchising.html>.

## Summary

A labor union is a group of workers who join together to improve the terms and conditions under which employees work. A union represents all employees as one single entity before management. The three main types of labor unions are craft/trade unions, industrial unions, and professional unions. Unions are typically organized as local, national/international, and federation. Some unions are independent and do not belong to a federation. Unions address labor issues such as wages, benefits, job security and seniority, working conditions, hours, union security, and management rights.

## TOTAL RECALL

1. What is a labor union?
2. What are the three main purposes of a labor union?
3. What are the three main types of labor unions?
4. What are the three categories of membership in a craft union?
5. Unions are organized on what three levels?
6. What types of labor issues do unions address?
7. What are the three types of union security that can occur within a unionized company?

## THE GRAY ZONE

Seniority is important in unionized companies. The longer a union member has been on the job, the more seniority s/he has and the closer s/he is to the “head of the line” when a promotion becomes available. This system tends to take away the authority of management when it comes to promoting employees—they often must make decisions based on seniority rather than merit or ability. The union, however, defends this system, saying that it promotes loyalty to the company by encouraging employees to remain with the company and build seniority. What do you think? Are seniority-based promotions and raises ethical, or should management decide who moves up the ladder based on performance?



**Preparing**



**Conducting bargaining sessions**



**Voting/Agreeing**

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## Unions in Action

### Collective bargaining

One of the most important purposes of a union is negotiating a labor agreement or **contract** with management. This process is known as **collective bargaining**. Workers' right to collectively bargain with their employer is guaranteed by U.S. law. Unions typically negotiate new contracts every three to four years, and the process can be quite time-consuming, often taking a year or so to complete. Let's take a closer look at what happens during the collective-bargaining process.

**Preparation.** Collective-bargaining teams are usually made up of a few members on each side of the table, including a chief spokesperson for each. Before beginning negotiations, both the union and management must conduct research, generate reports, etc., to make sure that the information they're using to support their stances is accurate and organized. Management, for instance, might gather financial data, solidify future goals, and study labor contracts in similar businesses or industries. Union leaders will spend time listening to the needs and wants of union members and determining the company's ability to meet those demands. This will enable the union to better understand what it can reasonably expect to accomplish during negotiations. Each side comes to the negotiation table with a list of issues it wants to address.

**Conducting bargaining sessions.** After both sides have prepared, they meet to discuss their demands. These bargaining sessions might take place face-to-face or through written proposals (usually a combination of both). Normally, the union leaders ask for very favorable terms or working conditions for employees, while management offers small or no increases. The two sides negotiate to reach an agreement that both can accept. When this **tentative agreement** is reached, official negotiations are at an end.



Monkey Business Images/Stockbroker/Thinkstock

▲ *A collective-bargaining session involves a lot of back and forth, and disagreement is hard to avoid. It's important to be prepared to cooperate.*

**Voting.** The labor contract is not official until both sides have approved it. Union members vote to **ratify** (accept) or reject the tentative agreement. If union members accept the agreement, both sides sign and it becomes an official labor contract. Both sides are legally bound to adhere to the terms and conditions of the contract until it expires. If union members reject the contract, union leaders and management must renegotiate and reach a new tentative agreement.

### Pressure strategies

Sometimes, union and management cannot agree on a labor contract. When this happens, both sides may use pressure strategies to try to force the other side into making **concessions**, or giving something up. Both unions and management use the media to influence public opinion.



Pressure strategies that unions use include:

- **Strikes.** A **strike** occurs when union members refuse to work. Strikes are one of a union's most effective pressure strategies. When a union strikes, it becomes nearly impossible for a business to remain productive. However, unions usually use strikes as a last resort since workers are not paid while they are striking. There are different types of strikes that unions might use instead of or in addition to a traditional strike:



- 1) **Wildcat strike**—This type of strike occurs when a local union stops working without the consent of its national organization.
- 2) **Sit-down or sit-in strike**—This type of strike occurs when employees remain on the job but refuse to work. In many instances, employees will literally “sit down” and do nothing to demonstrate their protest against management.

- 3) **Sympathetic strike**—This type of strike occurs when members of one union stop working to support the strike of another union. A local union in New Jersey, for instance, might go on strike to support a local chapter of the same national union in Washington.
- 4) **“Sick-out” strike**—During a “sick out,” union members call in sick—all at the same time—to slow down the company's production.



One of the largest recent strikes occurred when fast food workers demanded a \$15 wage in 2014. Watch the news report from CNN Wire at: <http://ktla.com/2014/12/04/thousands-fast-food-workers-go-on-strike-in-190-cities-demand-15-an-hour-wage/>.

- **Picketing.** Picketing and striking often go hand-in-hand. **Picketing** is a form of protest that involves positioning union members (called **pickets**) near a business during a conflict or a strike. These pickets often carry signs and/or chant to publicize their discontent. Their goal is to call attention to the conflict and discourage non-striking workers and customers from entering the facilities.
- **Boycotts.** **Boycotts** occur when union members refuse to buy a business's goods or services and encourage others to do the same. The goal of a boycott is to hurt a business's sales so much that it is forced to concede to union demands.
- **Corporate campaigns.** In a corporate campaign, dissatisfied union members might disrupt a company's shareholder meetings or even attempt to buy up stock and gain more control of the company. Corporate campaigns are not as common as other forms of union pressure strategies.



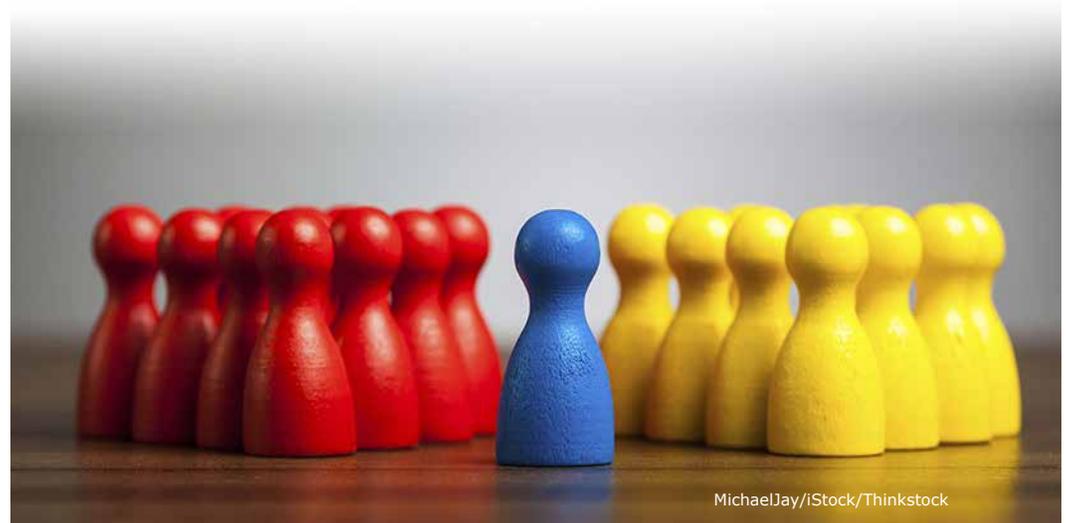
▲ *Picketing can be useful when trying to build public awareness of an issue or cause.*

Management also uses pressure strategies to try to force unions to make concessions. These strategies might include:

- **Lockouts.** A **lockout** occurs when management refuses to allow union members to work. During a lockout, management either closes the business temporarily or brings in non-union members, known as **strikebreakers**, to work. Usually, management will close the business only when a strike has already shut down part of its production. Using strikebreakers is often seen as a last resort since this action can cause permanent damage to the union-management relationship.
- **Injunctions.** An **injunction** is a court order that forbids people from carrying out certain activities. Management might use an injunction to stop union members from picketing or causing damage to company property. Anyone who disobeys an injunction can be held legally responsible for any resulting damage.
- **Shifts in production.** Management might circumvent a labor dispute by moving production to another facility, or even another country.

## Let's work it out

There are other, non-threatening ways that unions and management can approach each other when they cannot reach an agreement on a labor contract. They might try **mediation** or **arbitration**. In mediation, a **mediator** attempts to clarify issues and make suggestions concerning the contract to both sides. However, neither side is obligated to accept these suggestions. In arbitration, an **arbitrator** makes decisions concerning the final contract. When an arbitrator is used, her/his decisions regarding the contract are binding (unless otherwise specified), and neither the union nor management can make changes.



MichaelJay/iStock/Thinkstock

- ▲ *Having a neutral mediator or arbitrator is helpful when struggling to reach a compromise.*

## Effects of unionism

Unionism has an impact—both positive and negative—on workers and businesses. Since unions exist to benefit employees, however, employees tend to benefit from unionism more than businesses do. Let's take a look at the effects of organized labor on workers and businesses in our economic system.



**Advantages for workers.** A major effect of unionism in the U.S. has been higher wages, better benefits, and improved working conditions for employees. Unionism has also increased the dignity of the individual worker. Unions insist that all their members have special needs and rights that management must take seriously. By joining the union, employees have more bargaining power than they could ever have alone. In short, workers are treated more fairly than before unions existed.



**Disadvantages for workers.** You might not believe it, but unionism *does* have some negative effects on workers as well. Union dues can cost several hundred dollars per year. Workers also lose some individuality—in a union, the majority rules, so workers must go along with union decisions even if they voted against them. As you know, if the union strikes, workers will not be paid and may even lose their jobs if the company calls in strikebreakers. This can cause serious financial strain on workers and their families.





**Advantages for businesses.** The security of a labor contract is an advantage for businesses as well as for unions. When a business knows how much it needs to spend on wages and benefits, it can plan more effectively for the future. Unionism can also save businesses time and money by helping with the recruitment of new employees.



**Disadvantages for businesses.** For businesses, the main disadvantage of unionism is increased costs. Unionized companies often pay higher wages and provide more benefits than nonunionized ones. To cover the cost of higher wages while maintaining profits, businesses may have to raise prices or reduce expenses. Unionized companies also have more limited control than nonunionized ones. The involvement of the union in personnel matters causes management to lose some direct control over employees (determining promotions, for instance) and may slow down production. A company can also lose a lot of time and sales in the event of a strike, which can have disastrous financial results.

Only time will tell what the future holds for unionism in the United States. Whether one is pro-union or anti-union, the fact remains that organized labor has had a profound impact on American business over the past 150 years.

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## Summary

Collective bargaining is the process of negotiating a new labor agreement between a union and a company's management. If the two sides cannot reach an agreement, they may use pressure strategies. The union might strike, picket, boycott, or wage a corporate campaign. Management might lock out employees, call in strikebreakers, get an injunction, or shift production. The two sides might also try mediation or arbitration. Unionism has positive and negative effects on both workers and businesses.

## Make It Pay!

Is your state a right-to-work state, or is it heavily unionized?  
Are there any unionized companies in your town?  
What national/international unions are represented?  
How has unionization affected your community?

## TOTAL RECALL

1. What is collective bargaining?
2. What steps does collective bargaining involve?
3. What pressure strategies do unions use?
4. What pressure strategies does management use?
5. What non-pressure strategies can be used to reach agreements between union and management?
6. What are the advantages of unionism for workers?
7. What are the disadvantages of unionism for workers?
8. What are the advantages of unionism for businesses?
9. What are the disadvantages of unionism for businesses?