Introduction to Labor Relations

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Narrator: In this presentation, you will be introduced to some concepts regarding labor relations.

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• What is labor relations?

Narrator: Labor relations is the set of processes and activities unions and employers develop and use to clarify, manage, reduce, and resolve conflicts between employees and their representatives while accommodating the various goals of each.

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• Practice of labor relations

Narrator: The practice of labor relations is governed by contracts negotiated by and agreed to by both parties. Contracts are renegotiated periodically to take into account changing goals and objectives of both parties and changes in the economy and society.

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• Labor relations in large organizations

Narrator: Many individuals and organizations can collectively own a corporation and each can sell its shares to new owners at any time while the corporation continues. Large corporations generally have many owners or shareholders, most of whom do not materially participate in the corporation’s day-to-day business.
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• Impact of shareholders

Narrator: Shareholders who are dissatisfied with the corporate performance can either sell their shares or combine with others to vote to oust the current managers. Higher profitability, returns on invested capital, and growth rates typically lead to higher share prices. Minimizing costs of inputs relative to the price of outputs is an important goal for managers in seeking to improve profitability.

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• Management-labor dilemma

Narrator: Employers would like complete freedom to alter the terms and conditions of employment in their workplaces, as necessary, to maximize returns on investments. While labor is somewhat mobile, with workers able to move between employers as opportunities occur, it is less mobile than financial capital. Employees would like to reduce the risks associated with employment, particularly the risk that their employers will radically change the terms and conditions of employment.

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• Rationale for unionization

Narrator: Unionization offers employees a method they can use to counter employers' powers to unilaterally change employment conditions. It is, to an extent, the corollary of incorporation.

Employees determine, first, whether a majority desires to be represented; second, who to elect as leaders or hire as agents; third, what workplace issues are most important to them; and fourth, whether to accept a proposed contract or to collectively withhold their labor.
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• Purpose of unionization

Narrator: Unions emphasize the need to create and maintain solidarity among members of the working class. Unions also stress the importance of continual improvements in living standards for their members, best attainable through increases in their pay.

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• Unions and democracies

Narrator: In democracies, laws and regulations ultimately reflect the will of the electorate. If employment conflict exceeds what voters will tolerate, or if the results from this conflict are manifestly different than desired, voters will elect leaders who promise change in the desired direction. This text focuses on the bases for the underlying conflicts, the tactics the parties use to gain power to achieve their goals, and how the process works in an ongoing relationship.

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• Effect of public policy

Narrator: Thus, where public policy permits, it's to be expected that some or many employers will try to avoid unionization, to remove unions if they exist in their workplaces, and to minimize their effectiveness if they do. Unions, on the other hand, rarely try to eliminate a unionized employer in which they represent workers.

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- Ultimate control

Narrator: It is also important to remember that a corporation’s shareholders ultimately control decisions about its direction—in what to invest, and whether to continue operations, sell, or liquidate, depending on which best meets their interests.

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- Collective action

Narrator: Collective action by workers has been a feature of American economic life from the very formative period of this nation’s history. Craft unions came to characterize the American labor movement through the 1920s.

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- U.S. political institutions

Narrator: Political institutions of the United States, and particularly the judiciary, seemed hostile to the interests of organized labor throughout most of its history. Individual court decisions and statutes nibbled away at the conspiracy doctrine, first established in Commonwealth v. Pullis (the Philadelphia Cordwainers Case) in 1794. Before the end of the 1920s, a political and social environment that was quite hostile to organized labor had developed. Many of labor’s activities could be, and indeed were, blocked by court injunctions whenever these activities appeared to be effective.

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- European labor agenda
Narrator: The European labor agenda placed heavy emphasis on legislative outcome and social philosophy through political parties that courted the votes of the working class. The idea was that a rising tide would float all boats, and that the personal destinies of all working class folk were inextricably bound up with the fate of one another.

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- Labor’s colorful personalities

Narrator: The American pattern was considerably more pragmatic and considerably less ideological. Colorful personalities characterized the spectrum of organized labor in the decades straddling the turn of the century. Terence Powderly and Uriah Stephens were among the earliest of national prominence, with Samuel Gompers and Adolph Strasser appearing on the scene near the end of the nineteenth century, and Eugene Debs and “Big Bill” Haywood not long afterwards.

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- Trade unions

Narrator: Trade unions have traditionally displayed opposition to immigrant labor and have often flirted with radical politics throughout their history. These patterns have affected labor’s public image considerably, appealing to some sectors of society and alienating others at every stage of the labor movement’s development. These patterns figured prominently in the 1947 Congressional override of Truman’s veto of the Taft-Hartley slate of amendments to the National Labor Relations Act (NLRA) of 1935. The NLRA is “the cornerstone of American labor policy” and remains the fundamental statutory statement of the place of unions in the American economy. However, Taft-Hartley was sweeping in its modifications, and clearly was an attempt to rein in what the public perceived as trade unionism gone unchecked. The Landrum-Griffin Act in 1959 also reflected such public wariness, as it attempted to address internal corruption and fiduciary accountability in union leadership ranks.
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- Regulatory response

Narrator: The regulatory response of government has moved from a focus on regulation of process to one of defining minimal substantive standards over time. For example, the original form of the Wagner Act did not define what outcomes could or could not be reached through collective bargaining. But Taft-Hartley allowed individual states to block union shop clauses in labor contracts and Landrum-Griffin sets standards for certain kinds of conduct by both labor unions and employers, and OSHA authorized a body of very specific federal standards for occupational safety and industrial health. Counter-currents to this general trend have occurred; the Railway Labor Act, though predating the Wagner Act, mandates procedures for dispute resolution and some of these clearly envision a governmental role in that process. However, the general trend is still in the direction of minimalism.

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- Statutory compliance

Narrator: To the extent that statutory compliance of the Fair Labor and Standards Act (FLSA) mandates conditions that formerly were only available to workers who had union negotiating power to win such conditions at the bargaining table, one may argue the marginal advantages of union membership have grown less over time. In some degree, this may have contributed to the decline in union membership, although other factors have probably been far more important, such as in economic and educational changes as well as shifting away from an industrialized labor product to service and then informational based work output.

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End of presentation