

CHAPTER 2

Theories of Industrial Relations

LECTURE NOTES

Chapter 2 Objectives	2
<ul style="list-style-type: none">• At the end of this chapter, you should be able to:<ul style="list-style-type: none">▪ Describe how the structure of work has changed over time▪ Identify the functions of early forms of unionism▪ Outline the conditions that gave rise to the modern trade union▪ Describe the theories of authors who discuss trade union origins, functions, and futures	

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- Describe the theories of authors who discuss trade union origins, functions, and futures

The Origin of Unions	2
<ul style="list-style-type: none">• Craft guilds:<ul style="list-style-type: none">▪ Emerged in Europe in the 14th century and North America in the 17th century▪ Populated by single entity/ single product skilled craftsmen: e.g. weavers, woodworkers, metalworkers or potters▪ Prior to the emergence of craft guilds, craftspeople worked in their homes or shared workshops, were self employed, and had no business protection	

The Origin of Unions

Craft guilds

- Emerged in Europe in the 14th century and North America in the 17th century
- Members of a single trade: e.g., weaving, woodworking, metalwork or pottery
 - Main reason for this restricted membership was the way that work was structured at the time

Craftspeople:

- Worked at home or in small, shared community workshops
 - Worked in communities where they lived
- Usually owned their business
 - Similar structure to modern self-employment
- Produced custom goods; responsible for all steps of production process
 - Goods produced to order of customer; craftsperson would carry out work of production, although some parts of job might be given to apprentice or to specialist in another craft
- Marketed and distributed own products, in own community
 - No wholesaler or other intermediary between producer and consumer
 - Limited transportation meant market was in most cases limited to craftsperson's own area
 - Craftsperson responsible for identifying and serving own customers
- Worked at own pace
 - Decided which projects to undertake, how work would be carried out, and how business would be administered

Craftspeople were on their own if they became sick or injured

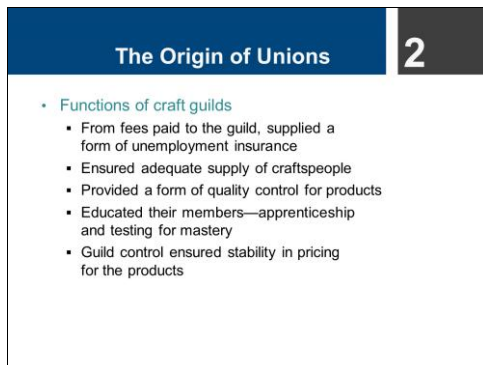
- No formal support system to deal with unforeseen events

Success in self-employment required ongoing good health, the ability to work, and up-to-date skills to meet market needs

Little opportunity to develop skills

- Demands of self-employment left little time for new skill acquisition or skill development

Craft guilds emerged as a means of addressing these problems



The Origin of Unions 2

- Functions of craft guilds
 - From fees paid to the guild, supplied a form of unemployment insurance
 - Ensured adequate supply of craftspeople
 - Provided a form of quality control for products
 - Educated their members—apprenticeship and testing for mastery
 - Guild control ensured stability in pricing for the products

The Origin of Unions

Functions of craft guilds

- Supplied a form of unemployment insurance
 - Membership dues used to create fund for payments to members unable to work
 - Guild might also supply replacement craftspeople to keep business going
- Ensured adequate supply of craftspeople
 - Craft guild provided formal training for new practitioners by arranging apprenticeships with skilled workers
- Provided a form of quality control
 - Guild members would not share skills or work with non-guild members, so customers were assured of consistent skill level and adequate training for guild members, and consistent product quality
 - Able to maintain a form of monopoly by encouraging guild members to charge similar prices and to not undercut each other
- Educated their members
 - In addition to apprenticeships, provided ongoing professional training and information for members
 - Some guilds in more populated areas also reduced production costs for members by buying raw materials in bulk

The Wool Guild and the “putting out” system challenged the power of craft guilds

- Wool Guild was created in 14th century Italy to displace clothmakers' guild
 - Merchants wanted to counteract power of clothmakers and regain control over cloth industry
 - Merchants controlled supply of raw materials and production of finished products
 - Changed method of production from single person doing all steps to many workers with each performing a single step
- Distributed finished products
 - Merchants, rather than craftspeople, controlled market
- Enforced division of labour
 - Faster production but less money for workers; workers were paid for amount of production, not for quality of product
 - Each worker became very skilled at his or her individual task, but was not skilled at other tasks, so could not command craftspeople's wages
 - Worker was responsible for supplying tools and place to work, so producer had low overhead costs and thus made higher profit
 - This form of production was prevalent throughout all of Europe by the end of the 18th century

The Origin of Unions

2

- The Industrial Revolution
 - Began mid-18th century
 - New technology/mechanization reduced the need for skilled labour and saw amounts of production increase dramatically
 - Massive migration from rural areas to cities; factories were built
 - Transportation improved, so raw materials and finished goods could be marketed at great distances

The Origin of Unions

The Industrial Revolution

- Began mid-18th century
 - Mechanization and industrialization on large scale made possible by new inventions
- New technology meant great increases in production capacity, less demand for skilled workers
 - Machines could produce more quickly and in greater quantities than could individual craftspeople
 - Machines could carry out many parts of production formerly performed by workers

- Large-scale factories were built, raw materials and finished goods were marketed at great distances
 - Land was available at low cost which facilitated factory development
 - Improvements in communication and transportation increased access to distant markets and ability to get goods to those markets

The Origin of Unions

2

- Substantial changes in work and workplaces:
 - Workers required to work in factories; most had to move to cities
 - Production broken down into distinct stages, some or most handled by machinery
 - Work tasks required little skill, so workers could easily be replaced
 - Control over work passed from workers to factory owners/employers

The Origin of Unions

Substantial changes in work and workplaces:

- Workers required to work in factories, so many had to move to cities
 - Factories were centralized places of production; workers could not work at home
 - Most factories located in urban areas so many workers had to leave rural communities to find work
- Production broken down into distinct stages, some or most handled by machinery
 - Workers did one or a few small parts of job rather than entire job as before
- Work tasks required little skill, so workers could easily be replaced
 - Production process was designed so that tasks performed by workers were specialized and required little skill
 - Low skill levels meant less time lost to training and to finding replacement workers
- Control over work passed from workers to factory owners
 - Factory owners decided what products would be produced, designed the production process, controlled how labour was used in production, and paid whatever wages they felt were appropriate

The Origin of Unions	2
<ul style="list-style-type: none">• The Industrial Revolution produced horrific working conditions<ul style="list-style-type: none">• Wages declined• Owners had little consideration for worker safety• Men, women and children worked side-by-side in grim conditions• Almost no protection for adult workers; sick or injured workers were usually fired• The modern trade union developed largely because of the negative impact of these conditions	

The Origin of Unions

The Industrial Revolution produced horrific working conditions

- Wages declined
 - Competitive markets exerted pressure to keep prices low, so goods were produced at lowest cost possible
- Owners had little consideration for worker safety
 - Factories operated continuously to satisfy consumer demand for goods
 - Low skill levels for jobs meant that injured workers could be quickly replaced
- Men, women and children worked side-by-side in grim conditions
 - Cost of living in urban areas meant that most families needed more than one income
 - Children actually were preferred as workers for some jobs because of small size and dexterity
 - Some rural children sent by impoverished parents to work in urban factories and live in sheds near factories
 - In Britain, laws restricting use of child workers not passed until 1819
- Almost no protection for adult workers; sick or injured workers were usually fired
 - What laws did exist were not strongly enforced because of lack of factory inspectors
 - Easy to replace fired workers because of specialization and simplification of work tasks

The modern trade union developed largely because of these conditions.

Theories of Union Origins	2
<ul style="list-style-type: none">• Sidney and Beatrice Webb<ul style="list-style-type: none">▪ English authors and socialists▪ Concluded primary purpose of trade unions was to improve members' lives▪ Suggested that unions emerged primarily because of the separation between capital and labour caused by industrialization▪ Separation meant capitalists could exploit labour to maximize return on investment	

Theories of Union Origins

Sidney and Beatrice Webb

- English authors and socialists
 - Advocated not only reform of working conditions but also larger societal problems which in their opinion led to those conditions
 - Produced two important books based on their research of trade unions
- Concluded primary purpose of trade unions was to improve members' lives
 - In particular, working lives, which were affected by working conditions
- Suggested that unions emerged primarily because of the separation between capital and labour caused by industrialization
 - Before Industrial Revolution, workers invested in own work (provided capital and equipment for their self-employment) and provided labour, and gained all financial benefits from sale of their work
 - After Industrial Revolution, workers still provided labour, but factory owner provided capital and controlled how labour would be used
 - Unions emerged primarily because of the separation between capital and labour caused by industrialization
- Separation meant capitalists could exploit labour to maximize return on investment
 - Minimizing wages was one way to reduce production costs and increase profits
 - Manufacturers had less freedom to individually adjust selling price of goods in a competitive market, so there was more pressure on manufacturers to keep production costs low to ensure profits
 - Unions served to counteract these pressures on wages and working conditions, and also to serve larger purpose of representing workers' interests e.g., to government or regulators

Theories of Union Origins	2
<ul style="list-style-type: none">• The Webbs identified 3 "methods" used by unions to achieve their goals:<ol style="list-style-type: none">1. Method of mutual insurance2. Method of collective bargaining3. Method of legal enactment• And 2 "devices" used by unions to ensure they truly represent members:<ol style="list-style-type: none">1. Device of the common rule2. Device of restriction of numbers	

Theories of Union Origins

The Webbs identified three "methods" used by unions to achieve their goals:

- Method of mutual insurance
 - Unions accumulated funds from membership fees and used those to support workers unable to work
 - Two kinds of support:
 - "benevolent"/"friendly" for sick, injured, or laid-off members
 - "out of work" for members whose tools were lost or whose factories were closed
 - This method improved workers' lives by providing support for those who could not work through no fault of their own
- Method of collective bargaining
 - Unions acted as worker representatives in negotiations with employer
 - This method improved workers' lives by ensuring fair and consistent workplace rules and adequate wage rates
- Method of legal enactment
 - Unions lobbied government for laws ensuring basic minimum employment standards
 - This method achieved goal of representing workers' interests at higher levels than individual workplaces

Two "devices" used by unions to ensure they truly represented their members:

- Device of the common rule
 - Unions fought for better conditions for all workers, not just union members
 - Use of this device increased support for unions, since non-union members would be impressed by the unions' work and want to join union themselves

- Device of restriction of numbers
 - Unions limited their membership through e.g., membership qualifications such as apprenticeships
 - Restriction of numbers gave unions more bargaining power with employers because union was able to control supply of skilled labour
 - Webbs did not agree with use of this device; they felt that restrictions caused injustice in the labour market by limiting access to some kinds of work

Theories of Union Origins	2
<ul style="list-style-type: none">• Selig Perlman: <i>A Theory of the Labor Movement</i><ul style="list-style-type: none">▪ Theorized that unions arose from the emergence of capitalism▪ He argued that for unions to be successful they had to be supported by the middle class▪ More significantly, unions had to respect some basic tenets of capitalism, so society could see union members as cooperative and not simply radicals	

Theories of Union Origins

Selig Perlman

- Born in Poland, immigrated to U.S.
- Interested in contrasts between Marxist and capitalist labour systems
- *A Theory of the Labor Movement*, his major work
- Emergence of capitalism one of the catalysts for emergence of unions
 - Capitalism based on separation of capital and labour
 - However, workers were only one part of society and historically were a part that had less power and influence
- Unions need the support of the middle class
 - Unions could not survive if only supported by workers
 - Unions' concerns would be more widely noticed if there was support for them throughout society
 - Unions need to respect some basic tenets of capitalism, such as private property
 - Respecting capitalism would make unions be perceived as cooperative rather than radical and gain them more acceptance

Theories of Union Origins	2
<ul style="list-style-type: none">• Selig Perlman<ul style="list-style-type: none">▪ Unions are most effective if they are motivated by the psychology of the labourer▪ Perlman differed from the Webbs: He believed the primary purpose of unions was to provide "collective mastery" over employment opportunities and standards, not a focus on large scale social reform	

Theories of Union Origins

- Unions most effective if motivated by **psychology of the labourer**
 - Labourers had experienced scarcity of work, unlike middle- or upper-class individuals
 - Labourers' primary concern would therefore be security of employment
 - Labourers would not be distracted by socialist or intellectual idealism (more concerned with practical issues)
 - Middle- and upper-class individuals might be sympathetic to unions, but they would not have shared labourers' experience, and would thus not be as sensitive to their concerns
 - Middle- and upper-class individuals would have more theoretical rather than practical ideas about unions
 - Allowing middle- and upper-class individuals to dominate unions would not permit unions to function in the ways needed to support labourers (the members unions were intended to support)
 - Unions should not worry about gaining ownership of businesses; should instead focus on economic security & opportunity for members
 - This strategy would create stable long-term basis for union existence

Theories of Union Origins	2
<ul style="list-style-type: none">• John Commons<ul style="list-style-type: none">▪ Investigated the emergence of unions as a response to changes in the economic system and the subsequent changes in the structure of work▪ He argued that the development of competitive markets drove the formation of unions▪ Unions would help to ensure that competition in markets was based on contribution to making quality products▪ Transportation and communication improvements provided opportunities for development of national and international unions and for capitalists	

Theories of Union Origins

John Commons

- Investigated the emergence of unions as a response to changes in the economic system and the subsequent changes in the structure of work
 - Focused primarily on emergence of unions in United States

- Saw unions as part of a larger economic, industrial, and political framework
- Development of competitive markets drove the formation of unions
 - Competitive markets caused by capitalism separated workers from distribution and sale of their work
 - Workers created product but were not responsible for transporting it to buyers or determining a competitive selling price
- Unions would help to ensure that competition in markets was based on quality of product
 - A competitive product would not be the one that was cheapest but the one that was best made and gave greatest value to consumer
 - If unions represented a large enough group of workers, they could pressure employers for wages that represented workers' contribution to making of a quality product
 - Commons called this "taking [wages] out of competition"
- Transportation and communication improvements allowed for the development of national and international unions
 - Transportation and communication usually portrayed as providing increased opportunities for capitalists
 - But unions could also use better transportation and communication to organize workers in other areas who engaged in same trade or occupation

Functions of Unions	2
<ul style="list-style-type: none">• Robert Hoxie<ul style="list-style-type: none">▪ Unions could emerge in any workplace with a "class consciousness"▪ Identified 4 "functional types" of unionism:<ol style="list-style-type: none">1. Business unionism2. Friendly or uplifting unionism3. Revolutionary unionism4. Predatory unionism▪ Unions could serve more than one of these functions at the same time	

Functions of Unions

Robert Hoxie

Unions could emerge in any workplace with a "class consciousness"

- Any group of workers with shared interests and common goals could form a union, regardless of their social class or the type of work they did

Identified four "functional types" of unionism:

- **Business unionism**
 - Protecting workers in a particular occupation or trade, primarily through collective bargaining
- **Friendly or uplifting unionism**
 - Improving workers' standards of living and thereby improving society at large
 - Also allowed workers to develop sense of membership or belonging
- **Revolutionary unionism**
 - Engaging in political action or direct action
 - Long-term goal of changing class structure of society as well as short-term goal of gaining worker power
- **Predatory unionism**
 - Concerned with gaining power through any means possible, including illegal means
 - Often operated in partnership with employers

Unions could serve more than one of these functions at a time

- Important to understand which of these functions unions served if trying to understand why they acted as they did
- Union might move from one function to another as union developed or as workplace or employer changed

Functions of Unions	2
<ul style="list-style-type: none">• E. Wight Bakke<ul style="list-style-type: none">▪ Workers join unions to reduce frustration and anxiety, and to improve the opportunity to achieve specific "standards of successful living"▪ 5 factors make up the standards of successful living:<ol style="list-style-type: none">1. Social status2. Creature comforts3. Control4. Information5. Integrity	

Functions of Unions

E. Wight Bakke - a Yale University Professor

Workers join unions to reduce frustration and anxiety, and to improve the opportunity to achieve specific "standards of successful living"

- If workers perceive that unions will accomplish these goals for them, they will join; if not, they won't

Five factors make up standards of successful living:

- **Social status**
 - Union membership or participation (e.g. on union executive) can give status and respect which may not be otherwise available to worker
- **Creature comforts**
 - Union gives workers enough influence in workplace so that they can achieve similar standard of living to that of their peers
- **Control**
 - Union gives workers formal influence over their working conditions
- **Information**
 - Unions provide workers with information on companies, economy, and society at large; also formally educate workers on labour-related matters
- **Integrity**
 - Union membership can enhance workers' sense of self-respect and fairness

Functions of Unions	2
<ul style="list-style-type: none">• John Dunlop<ul style="list-style-type: none">• Developed "systems theory" of industrial relations – looked at how unions fit into larger social systems• 3 independent components to an organization under systems theory:<ol style="list-style-type: none">1. Inputs2. Processes3. Outputs	

Functions of Unions

John Dunlop – professor at Harvard University

Developed systems theory of industrial relations – looked at how unions fit into larger social systems

- How unions interact with other organizations or stakeholders and what rules guide those interactions
- Based on general principles of systems theory

Three independent components to an organization under systems theory:

- Inputs
 - E.g., raw materials, resources
- Processes
 - Means by which inputs are translated into outputs (e.g., production machinery)
- Outputs
 - E.g., products and services

Functions of Unions	2
<ul style="list-style-type: none">• Systems theory emphasizes not only the distinct parts of an organization, but the interrelationships between those parts• Systems theory also looks at how organizations are affected by external factors which impact and change the system	

Functions of Unions

Systems theory emphasizes not only the distinct parts of an organization, but the interrelationships between those parts

- E.g., if auto plant produces minivans, it does not need raw materials or production machinery to make convertibles
- However, e.g., if auto plant wants to produce vans in four colours but painting machinery only has capacity for three colours, either manufacturer has to revise expectations or production process will have to be redesigned

Systems theory also looks at how an organization is affected by the external environment

- Factors in the environment outside the organization (e.g., availability of raw materials, government regulations) can also affect what organization does or is able to do

Functions of Unions

2

- 3 "actors" in Dunlop's industrial relations system:
 1. Unions
 2. Management
 3. Government/private agencies
- Each has a distinct ideology. But the actors also share an ideology that maintains stability within the system.

Functions of Unions

Three "actors" in Dunlop's industrial relations system:

- Unions
 - Representative of workers
- Management
 - Employer/the organizations
- Government/private agencies
 - Participates in system through creating legal rules that govern it

"Actors" can also include any other external stakeholders, e.g. customers or business partners

Each actor has a distinct ideology. But the actors also share an ideology that maintains stability within the system

- Ideology = set of values and beliefs that determine actions within the system
- Each actor has a different ideology e.g., management believes it has right to govern workplace, while unions believe workers have right to influence workplace decisions that affect them
- These ideologies may be in conflict with each other
- However, the actors share a common ideology about the value of the system itself and their participation in it as a method of conflict resolution

- Actors bring inputs (ideologies and positions on issues) into system; processes are e.g., collective bargaining and grievance processes; outputs are e.g., collective agreement and grievance resolution
- System is governed by informal and formal guidelines which are influenced not only by unions and management but also by external stakeholders

Functions of Unions	2
<ul style="list-style-type: none">• Dunlop identified 4 contexts within which the actors interact:<ol style="list-style-type: none">1. Technological2. Market3. Budgetary4. Power	

Functions of Unions

Dunlop identified four contexts within which the actors interact:

- Technological context
 - E.g., skill level of workers, job content
- Market context
 - E.g., labour markets, product markets
- Budgetary context
 - E.g., financial resources available to parties
- Power context
 - Amount of power parties have or are able to generate to gain their desired outcomes

Functions of Unions	2
<ul style="list-style-type: none">• Dunlop recognized a "web of rules," made up of 3 general types of rules:<ol style="list-style-type: none">1. Rules in the workplace - created by negotiation, usually contained in the collective agreement2. Rules which govern the handling of disputes- also contained in the collective agreement but influenced by other actors (government legislation)3. Rules governing the process which underlie how the rules themselves will be determined	

Functions of Unions

Dunlop recognized a "web of rules," made up of three general types of rules:

- Rules in the workplace
 - created by negotiation, usually contained in the collective agreement

- Negotiated rules
 - may be influenced by other actors or contexts, e.g., government legislation
- Rules governing the process underlying how the rules themselves will be determined
 - E.g. rules for how legislation is changed
 - Rules also affected by feedback; actors monitor system and its outputs to see if rules are working and alter them if not

Functions of Unions	2
<ul style="list-style-type: none">• Dunlop and co-authors argued that unions emerged as a response to industrialization, not capitalism• They believed industrial relations systems in industrialized countries would eventually converge to resemble each other	

Functions of Unions

Dunlop and co-authors argued that unions emerged as a response to industrialization, not capitalism. They believed industrial relations systems in industrialized countries would eventually converge

- Process of industrialization very similar in most countries/regions
- However, markets and economies are substantially different in different geographic areas
- Consistency in industrialization process would result in union functions and actions being similar even if markets and economies were different
- Major exception to this would be in Communist countries where unions were controlled by Communist party and were not as independent in representing workers' interests

The Future of Unions	2
<ul style="list-style-type: none">• Karl Marx and Friedrich Engels<ul style="list-style-type: none">• Identified the emergence of unions as one symptom of an ongoing class struggle• Saw unions as means by which workers could avoid exploitation by the upper classes• Believed unions by themselves would not be enough to offset exploitation of workers• Argued that unions would require a larger political purpose beyond controlling the workplace• Spillover of discontent would eventually contribute to the overthrow of capitalism and the development of a classless society	

The Future of Unions

Karl Marx and Friedrich Engels

Identified the emergence of unions as one symptom of ongoing class struggle

Saw unions as means by which workers could avoid exploitation by the upper classes

- Unions would counteract the power of the upper classes because they would unite workers in a large body
- Unions would also enlighten workers about the injustice of their position in society

Believed unions by themselves would not be enough to end the exploitation of workers

- Unions would not be powerful enough to protect workers on their own since many forces of capitalist system, not just workplaces, are “against” workers

Argued that unions would require a larger political purpose as a vehicle of class discontent

- Continued operation of capitalist system was dependent on maintaining large class of workers earning substandard wages
- Low wages for workers meant more profits for upper classes and a continued source of wealth that could be reinvested to maintain the upper classes’ dominance
- Unions would need a reason to exist after workers’ concerns were addressed

This discontent would eventually contribute to the overthrow of capitalism and the development of a classless society

- Workers could use improved communication to form national, rather than local, groups
- Once workers realized the power that could be exerted through a group like a union, they would use collective power to break down oppressive structures in society
- Class system would disappear because all individuals would be equally represented and have equal power in decision-making

The Future of Unions	2
<ul style="list-style-type: none">• Harry Braverman<ul style="list-style-type: none">▪ Theorized that management wants to increase control over workers and workplaces through maximizing production and minimizing needed skill▪ 2 methods of increasing management control:<ol style="list-style-type: none">1. Deskilling2. Controlling the methods by which work is done and its pace	

The Future of Unions

Harry Braverman

Ongoing attempts by management to increase control over workers and workplaces

- Management techniques such as industrial engineering and scientific management are part of this campaign, developed in the 1900s
- Work broken down into small, simple, repetitive components
- Process of work is designed to maximize production and minimize skill requirements
- Still used in the design of production processes today

Two general methods of increasing management control:

- **Deskilling**
 - Formerly skilled tasks specialized or subdivided so that dependence on skilled labour is reduced or eliminated
- Controlling the methods by which work is done and its pace
 - E.g., outlining specified steps which are to be performed in completing a task, setting time guidelines for each part of a job

The Future of Unions	2
<ul style="list-style-type: none">• Harry Braverman<ul style="list-style-type: none">▪ The result of these management techniques is more production for less pay▪ Managers will select workplace technologies that give them the greatest control over their workers, even if these are more costly or inefficient	

The Future of Unions

The result of these management techniques is more production for less pay

Predicted managers will select workplace technologies that give them the greatest control, even if they are more costly or inefficient

- Result is continual downward pressure on wages and reduced opportunity for workers to develop skills
- Unions would likely attempt to counteract these constraints

The Future of Unions

2

- Thomas Kochan, Robert McKersie, and Peter Cappelli
 - Built on Dunlop's systems theory, but argued it should include larger societal and international frameworks
 - Employer is no longer passive; employers are now more sophisticated and active participants in industrial relations
 - Unions need to recognize this fundamental change if they are to remain effective worker representatives

The Future of Unions

Thomas Kochan, Robert McKersie, and Peter Cappelli

Built on Dunlop's systems theory of industrial relations, but argued it should include larger societal and international framework that employers now operates within

- This framework influences employer-union relationship at the workplace level e.g., international trade agreements may affect terms in individual collective agreements

Employer's role is no longer passive; employers are now more sophisticated and are active participants in industrial relations

- Earlier industrial relations theories suggested that employer only responded to what union brought to its attention
- Employers are now more proactive rather than reactive, and are actively trying to manage relationship with union
- E.g., in US some employers are lobbying for legislative changes to reduce union power, there are professional strikebreaking firms, and non-unionized organizations are intimidating union organizers

Unions need to recognize this fundamental change if they are to remain effective worker representatives

- Not all employers engage in extreme actions, but employer's change from passive to active role in industrial relations system affects quality of union-employer relationship
- Decisions made at strategic level affect this relationship

The Future of Unions	2
<ul style="list-style-type: none">• Thomas Kochan, Robert McKersie, and Peter Cappelli<ul style="list-style-type: none">▪ Industrial relations are now, more than ever, integrated into the overall strategy of an organization▪ Unions must move beyond narrow workplace concerns and attempt to be included in decisions at the highest strategic levels of the organization	

The Future of Unions

Industrial relations are now, more than ever, integrated into the overall strategy of an organization. Unions must move beyond narrow workplace concerns and attempt to be included in decisions at the highest strategic levels of the organization

- Inclusion in these decisions could be informal, e.g. consultations, or formal, e.g. worker representative on board of directors
- Unions will have to rethink adversarial attitudes and strive for a more cooperative relationship with employer
- Unions must emphasize common goals with employer, e.g. long term survival of company
- Cooperative high-level relationships are more appropriate than adversarial bargaining for addressing strategic issues

The Future of Unions	2
<ul style="list-style-type: none">• Richard Chaykowski and Anil Verma<ul style="list-style-type: none">▪ Address some of the same issues as Kochan, McKersie and Cappelli, but within a Canadian context▪ Changes in Canadian management practices and attitudes not as extensive as in U.S.▪ The Canadian system is relatively stable due largely to higher levels of unionization▪ Support the need for union/management cooperation but note that Canadian unions are likely to resist such relationships	

The Future of Unions

Richard Chaykowski and Anil Verma

Address some of the same issues as Kochan, McKersie and Cappelli, but within a Canadian context

- Acknowledge shortcomings of workplace-level industrial relations. interactions with short-term focus

Changes in Canadian management practices and attitudes not as extensive as in U.S.

The Canadian system is relatively stable due largely to higher levels of unionization

- Canadian employers have experimented with different industrial relations and human resource management practices but have not generally engaged in extreme actions like U.S. employers
- The lack of extreme action may be Canadian legislation is stricter than U.S. legislation in restricting employer actions

Support the need for union cooperation but note that Canadian unions are likely to resist such relationships

- Canadian unions may see cooperation as weakening their ability to resist management demands in the future
- Union members might see cooperation as “selling out” and indication that their interests are not being strongly represented

The Future of Unions

2

- Richard Chaykowski and Anil Verma
 - Unique Canadian trends
 - Technologically-driven shift in economic activity toward service industries
 - International trade agreements 1) cause ongoing job loss and declines in union membership and 2) weaken the power of unions
 - Multinationals entering Canada do not adjust to the “Canadian way” of industrial relations

The Future of Unions

Unique Canadian trends

- Technologically driven shift in economic activity toward providing services
 - Decline in employment in production industries, increase in employment in service industries
 - Flatter organizational structures, reduced workforces
 - However, Canadian unions have been more successful than US unions in organizing service-based workers
- International trade agreements could further contribute to job loss and declines in union membership, and weaken power of unions
 - Jobs may be moved to other countries with lower wage costs or weaker workplace regulations
 - Canadian unions may be seen as excessively powerful compared to US unions

Other Factors Affecting the Future of Canadian Unions	2
<ul style="list-style-type: none">• Decrease in number of public sector jobs = decrease in rate of unionization• Governments more willing to use legislation and other tactics to counteract power of public sector unions• Canadian unions have not been proactive in internal restructuring or in developing new strategies for changing workforce	

Other Factors Affecting the Future of Canadian Unions

Decrease in number of public sector jobs = decrease in rate of unionization

- High rate of unionization in Canada (as compared to US) partially due to high rate of unionization in public sector
- Since 1990s, the number of public sector jobs has stayed steady or has decreased
which has decreased the overall rate of unionization in Canada

Governments more willing to use tactics to counteract power of public sector unions

- E.g. legislation to restrict unions' power
- E.g. outsourcing work or jobs to non-union workplaces

Canadian unions not proactive in internally restructuring or in developing new strategies for changing workforce

- Have not actively responded to changing work realities
- Have not actively responded to demographic changes in work force
- This may limit their potential for future growth

SUGGESTED ANSWERS TO DISCUSSION QUESTIONS

1. Craft guilds supplied insurance for their members who were unable to work. Some also provided substitute craftspeople who would keep a business operating while the craftspeople was unable to practice his or her craft. Craft guilds also provided training to ensure an adequate supply of practitioners of the craft. This training usually took the form of schemes like apprenticeships. This ensured quality control in the practice of the craft, since all apprentices would have to demonstrate their mastery of skills in the craft before being admitted to the guild. Customers could thus be assured that products made by guild members would have a consistent level of quality. Guild members would usually refuse to work with, or to share skills with, non-guild members. Guilds also encouraged their members to charge consistent rates for their work, so that guild members' businesses would not be undermined by cut-price competition. Guilds also provided ongoing education and training for the craft's practitioners, and in some cases were able to reduce their members' production costs by purchasing supplies or raw materials in bulk.

Some craft guild functions are now carried out by organizations that are not unions – for example, payments to workers who are unable to work are provided through government-funded plans such as employment insurance and workers' compensation. However, unions have continued other functions of craft guilds, such as providing apprenticeship schemes for training, encouraging union members to avoid working with non-union members, and offering ongoing education and training to union members.

2. Industrialization had a major impact on working conditions. Mechanization allowed jobs to be simplified and subdivided so that minimal job skills were required. Many parts of production that were formerly done by hand could now be done by machines. The place of work also changed; workers worked in factories rather than at home or in workshops. Most factories were located in urban areas, so rural workers were forced to move to a city. Wage rates in factories were considerably lower than those formerly paid to skilled craftspeople, so family income had to rise to meet the increased costs of urban living. This often meant that more family members, including women and children, had to work. There were no plans to support workers unable to work, as had been available in the guild system, so factory workers who were injured or ill were usually fired. There were also minimal health and safety standards in factories.
3. These writers (the Webbs, Perlman, Commons) see the emergence of unions as a response either to the conditions created by industrialization or to the emergence of competitive markets. They also see unions as a means for workers to have an influence on their workplaces or working conditions, and they acknowledge that union-employer relationships are also influenced by external factors such as societal class systems and market conditions.

The relevance of these themes to new unions in the 21st century would depend on which new unions are being discussed, but it is still obvious that workers join unions so as to have some say in decisions involving their workplaces. The influence of competitive markets is also important, particularly as markets become global rather than local or national. (Chapter 13 discusses some of the effects of global markets on Canadian union-employer relationships.)

4. Hoxie identified four “functional types” of unionism: business unionism, friendly or uplifting unionism, revolutionary unionism, and predatory unionism. At least two of these functional types are apparent in the operations of most modern unions. Unions still perform the “business” functions of protecting and representing workers. Unions also provide the “friendly” functions of providing opportunities for social interaction among members, and lobbying for improved standards of living in society at large (e.g., organizing campaigns for better employment-related legislation). Revolutionary unionism is less apparent, at least in the form of “direct action” that Hoxie describes, but revolutionary unionism can be seen in large-scale union actions such as protests. Predatory unionism can possibly be seen in union actions such as raids on other unions’ membership, but unions operating in collaboration with employers for unethical outcomes is hopefully less common than it was in Hoxie’s time.
5. As with Question 3, the answer to this question would depend on which union-employer relationship is being analyzed. However, a complete answer would identify each of the actors that participate in the relationship, and their individual ideologies; identify the specific inputs, processes, and outputs of that bargaining relationship; and determine whether the four contexts that Dunlop identifies (technological, market, budgetary, power) have any effect on the relationship.
6. Braverman’s theories of managerial control are supported by the prevalence of deskilling in organizations (e.g., the division of work at fast food restaurants, where some tasks are so simplified that the worker does not even need to be literate or numerate to successfully perform job tasks). Respondents to the question may be able to provide specific examples from their own experience of managers choosing technologies or processes that are economically inefficient but which increase the employer’s control over workers.

The major counterarguments to Braverman’s theories are that a manager in the workplace is there to exercise control over workers, and inefficiencies and wastage could happen without that control. Additionally, continual choices that economically inefficient will financially harm the organization (and the reputation of the manager making those choices). So there is a large incentive for managers to make economically rational choices.

7. Arguments supporting the need for cooperation could refer to such points as the long-term damage to employer-union relationships caused by ongoing hostility; the costs (e.g. financial, resources, time, emotion) incurred by confrontation; the recognition that employers and unions have many goals in common, such as the

continued existence of the organization; and the increased pressures on organizations caused by globalization and competition, which may require unions and employers to broaden their views of issues beyond their own personal interests.

Arguments against union-management cooperation could refer to such points as the inherently different workplace interests of unions and employers; the imbalance of workplace and bargaining power between unions and employers, which may require the less powerful party to be aggressive and confrontational to achieve desired outcomes; and the possibility that cooperation by one party may lead the other party to expect acquiescence in the future.

TEACHING NOTES FOR CHAPTER 2 EXERCISES

1. This exercise asks students to read the news story in the chapter (p. 41) and to identify which of the theories discussed in the chapter are the most relevant to explaining the situation.

There are numerous possible responses to the questions posed in this exercise. For example:

- The Webbs' concept of "method of collective bargaining" is apparent in the pilots wanting to be represented by a legally certified union that would formally advocate for their interests.
- Hoxie's concept of "class consciousness" is evident in the pilots' recognition of their common experience as trained and skilled professionals in a specific occupation.
- Dunlop's systems theory of industrial relations could be used to analyze the complex relationships between the multiple parties in this situation (e.g. the airline, the non-unionized pilots' association, the newly formed pilots' association that wants certification, the airlines' customers, and the context of the airline's distinctive culture).

Students undertaking this exercise should be expected to identify specific information in the news story that supports their choice of theory, and also to explain what outcome to the situation the theory would suggest.

2. This exercise asks students to gather information about a specific union and to explain whether or how that information supports any of the theories outlined in the chapter.

As with Exercise 1, students should be expected to convincingly demonstrate how their chosen theories relate to the information they have collected. Students should also be encouraged to explore any information contradicted or not explained by the theories, and to explain why, in their opinion, these discrepancies exist.

WEBSITES WITH MATERIAL RELATED TO CHAPTER 2 TOPICS

Sidney and Beatrice Webb

<http://blogs.lse.ac.uk/diversity/2011/03/lse-women-beatrice-webb/>

Selig Perlman: A brief biographical sketch

<http://www.infoplease.com/ce6/people/A0838461.htm>

John Commons: Commons' citation in the U.S. Department of Labor's Labor Hall of Fame

http://www.dol.gov/dol/aboutdol/hallofhonor/1989_commons.htm

<http://www.bls.gov/mlr/1989/05/art4full.pdf>

Karl Marx and Friedrich Engels: The Australian National University on-line version of *The Communist Manifesto*

<http://marxists.anu.edu.au/archive/marx/works/1848/communist-manifesto/index.htm>

Anil Verma: Biographical information, and links to publications, course materials, and other writings.

<http://www.rotman.utoronto.ca/~verma/>