

Employment Relations

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HRM 624

1st Lecture

Lecture (1)



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Introduction

- **Labor union:** Group of workers who join together to influence the nature of their employment
- Collective voice, protection, and influence.
- For employers, labor relations are about managing relationships with employees and labor unions in ways that promote organizational goals or cost-effective service delivery

Introduction

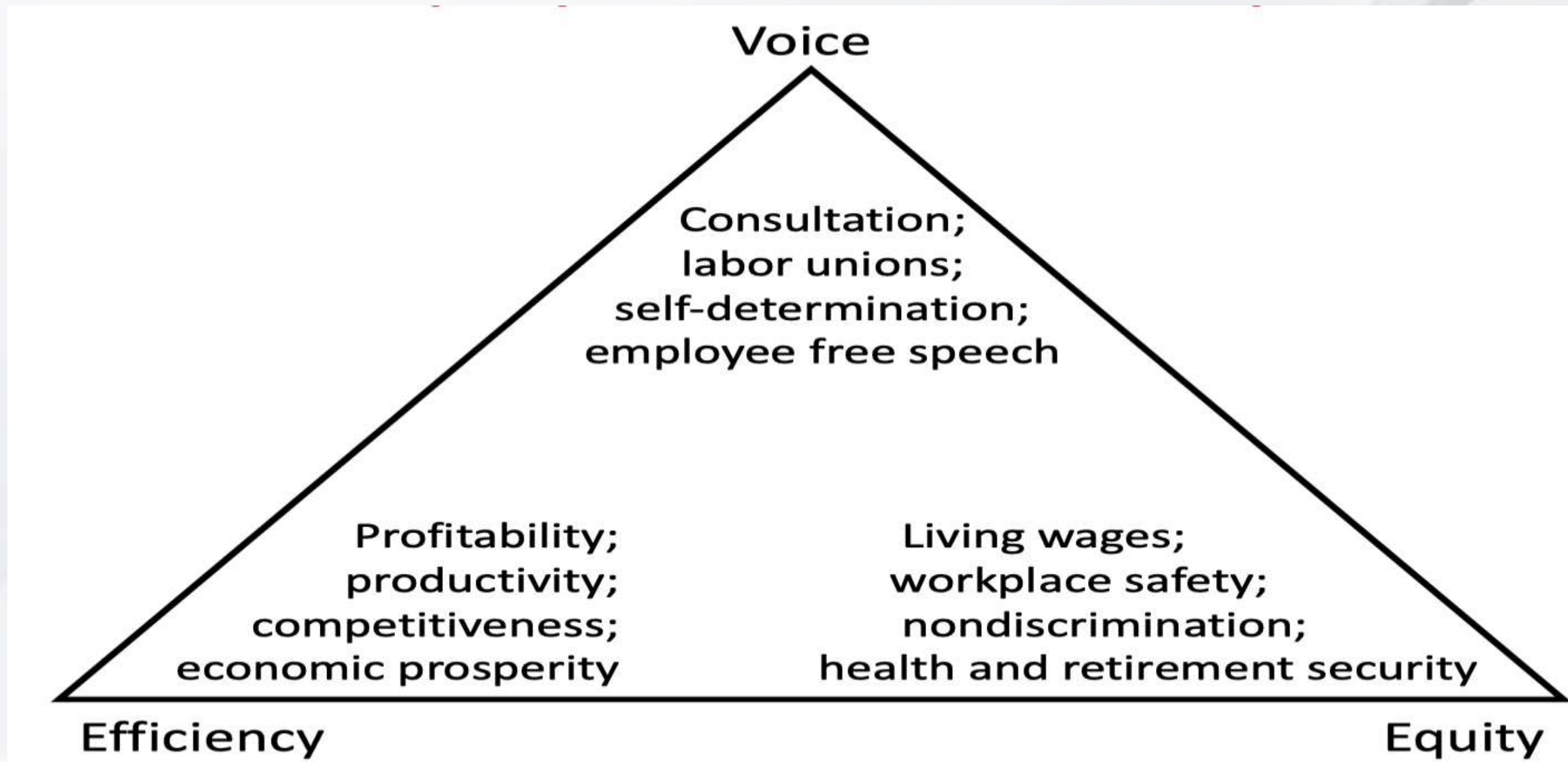
- Most nonunion employers try to remain union-free through preventive labor relations strategies.
- Some unionized employers try to undermine labor unions by using the same strategies; most deal with unions constructively.

Objectives of Labor Relations

- **Efficiency:** Productive use of scarce resources for economic prosperity.
- **Equity:** Standard of fair treatment for employees.
- **Voice:** The ability of employees to have meaningful input into workplace decisions.

Ideally, efficiency, equity, and voice support each other in a virtuous cycle.

Aspects of Efficiency, Equity, and Voice in the Employment Relationship



Objectives of Labor Relations

But efficiency, equity, and voice can clash:

- Equitable treatment might reduce flexibility and efficiency.
- Employee voice might make decision making more cumbersome and less efficient.
- Unions centralize power to better achieve equity, but become less responsive to individuals.

Objectives of Labor Relations

Labor relations must strike a balance between these
conflicting goals

Studying labor relations involves analyzing how employee representation through independent labor unions contributes to achieving a balance among efficiency, equity, and voice.

Objectives of Labor Relations

United States public policy encourages collective bargaining

- Everyone has the right to form and join trade unions for the protection of his or her interests.
- But why should society encourage or discourage the formation of labor unions?

Objectives of Labor Relations

Alternative perspectives on what labor unions do

- Inflate wages and restrict work rules?
- Secure better wages, protect against unfair treatment by management, provide voice and representation?
- What should unions do?

Isn't Efficiency Enough?

Efficiency is important to the employment relationship because of its effect on:

- Competitiveness.
- Economic development.
- Economic prosperity.

Many see efficiency as the sole objective of the employment relationship

- Business serves society through economic prosperity.
- Businesses are not designed to be democratic training grounds.
- A company has no obligation to provide personal and moral development.

Isn't Efficiency Enough?

- But workers are human beings, not simply economic factors of production
- The quality of employment and the nature of the workplace are important for individuals, families, and society.

Inequality is harmful.

Work is not simply an economic transaction.

Isn't Efficiency Enough?

Work is a fully human activity such that employees are entitled to **fair treatment** and opportunities to have **input into decisions** that affect their daily lives.

Equity and voice provide the social and human boundaries for the drive for efficiency

Isn't Efficiency Enough?

- The lack of at least minimal standards and nondiscriminatory treatment (equity) contradicts the basic ideals of democracy with free and equal citizens, and it violates religious and moral views on the sanctity of human life and human dignity

Isn't Efficiency Enough?

- Employee voice has similar justifications, ranging from moral, religious, and psychological beliefs about the importance of human self-determination to political views of liberty and democracy

Industrial democracy: belief that workers in a democratic society are entitled to the same democratic principles of participation in the workplace.

Isn't Efficiency Enough?

- Equity and voice are also consistent with what workers want
- Workers want fairness, justice, and security
- Workers want influence over decisions that affect their job or work life
- Believe that they would enjoy their jobs more.
- Believe that their employers would be more competitive.

Aspects of Efficiency, Equity, and Voice in the Employment Relationship

The important aspects of efficiency in an employment relationship are as follows: profitability, productivity, competitiveness, and economic prosperity. The important aspects of equity in an employment relationship are as follows: living wages, workplace safety, nondiscrimination, and health and retirement security. The important aspects of voice in an employment relationship are as follows: consultation, labor unions, self-determination, and employee free speech.

Conflicting Goals Mean Balancing Rights

The greatest challenges in labor relations arise from conflicting goals

Conflicts are generally resolved privately through bargaining and other means by:

- Individuals.
- Unions.
- Companies.

Conflicting Goals Mean Balancing Rights

But society establishes the ground rules.

- Labor law tries to balance property rights and labor rights in order to promote a balance between efficiency, equity, and voice.

Understanding conflicts between property rights and workers' rights and the desire to balance them is vital for understanding labor relations.

In a Nonunion Workplace, Can Managers...?

Scenario One: You implement a new pay-for-performance program and five employees together decide to refuse to work until the program is withdrawn. Can you fire the employees?

In a Nonunion Workplace, Can Managers...?

Scenario Two: You are interviewing applicants for a Web designer position in your organization. One applicant has a Graphic Communications International Union day planner and pen. Can you refuse to hire this qualified individual because you don't want any union troublemakers in your organization?

In a Nonunion Workplace, Can Managers...?

Scenario Three: You overhear two employees discussing a union during a break in the employee cafeteria. Can you stop their conversation?

In a Nonunion Workplace, Can Managers...?

Scenario Four: You want to change your company's health care insurance provider, but only if the employees feel that it is a positive change. Can you handpick an employee committee to represent the other employees in discussions about new health insurance options?

Continued Relevance of Labor Relations

Labor relations involves diverse factors

Market forces.

Individual emotions.

Managerial strategies.

Forms of work organization.

Constitutional and legal issues.

Continued Relevance of Labor Relations

Labor relations involves diverse factors

History.

Questions of human rights.

Negotiation and conflict resolution strategies.

Debates over globalization.

Ethical challenges.

Labor Unions – Good or bad ?

- Popular stereotypes of labor unions
- Once useful, but no longer needed.
- Good for members, but bad for business, nonunion workers, consumers, and investors.

Essential to understand how different views on unions are rooted in alternative schools of thought

The Labor Problem

Today's critical issues in human resources and industrial relations

- Growing labor market disparities.
- Problems of low-wage workers trying to move out of poverty and support families.
- Corporate pressures for cost control, quality, and flexibility to compete in a global, information-rich economy.
- The need to educate individuals as lifelong learners because of ever-changing technologies.
- Problems of work–life balance, especially for working mothers.

But what were the key challenges 120 years ago?

The Labor Problem

- The critical human resources and industrial relations issue in the early 1900s was the labor problem

Undesirable outcomes of inequitable and contentious, or oppressive and exploitative, employment relationship.

- Important dimensions of the labor problem

Long hours, low wages, unsafe conditions, and insecurity.

- Labor was frequently viewed as:

A production input.

No different from machines or raw materials.

The Labor Problem

The poor conditions of the labor problem were a problem for two broad reasons:

The societal or human perspective.

People should have better lives.

Workers should be able to afford decent housing, clothing, food, and the like.

The business perspective.

Absenteeism and turnover were costly.

But how to solve the labor problem?

Depends on beliefs about causes / schools of thought.

Four Schools of Thought

- The Neoliberal School.
- The Human Resource Management School.
- The Industrial Relations School.
- The Critical Industrial Relations School.

The Neoliberal School

- Focuses on the economic activity of self-interested agents.
- Efficiency, equity, and voice achieved through free-market competition.
- Idealized, perfect competition results in the optimal allocation and pricing of resources.

The Neoliberal School

The conditions of the labor problem are not seen as exploitation

Rather, employees are paid their economic value.

Employees are free to quit if they feel they are being exploited.

The Neoliberal School

Solution to the labor problem?

- Ensure competition.

Macroeconomic stimuli to reduce unemployment.

Remove unnecessary government regulation.

The best protection an employee has against his or her current employer are other employers.

As long as there is (perfect) competition, employment outcomes are not seen as a problem.

The Neoliberal School

View of labor unions in the neoliberal school of thought

Unions are seen as labor market monopolies that interfere with the invisible hand of free market competition; distort efficient outcomes.

Strike threat is used to raise wages above their competitive levels.

Restrictive work rules interfere with the discipline of the market by protecting lazy workers.

To those who believe in perfect competition

Labor unions are bad.

Human Resource Management School

Believes that the labor problem stems from poor management

Poor selection, motivation, training, supervision.

Solution to the labor problem?

Better management.

Human Resource Management School

Human resource management philosophy

Align the interests of workers and the firm via better management.

Create motivated and efficient workers.

Firms should design and implement better supervisory methods.

Selection procedures.

Training methods.

Compensation systems.

Evaluation and promotion mechanisms.

Human Resource Management School

View of unions in this school of thought

- Unions are unnecessary “outside, third parties”.

If a company has well-designed HR practices, workers will be satisfied and will not support a union.

Independent labor unions are also seen as adversarial, a barrier to cooperation.

- But companies get the union they deserve.

If a company is practicing bad management, workers will seek unionization to combat these poor practices.

Human Resource Management School

Nonunion collective voice such as a nonunion representation plan might be embraced, but not independent labor unions that are legally and functionally independent of employers and governments
Independent labor unions can elect their own leaders, collect and spend their own dues money, establish their organizational objectives and strategies, and strike.

List of references

Textbook:

John W. Budd , Labor relations textbook , MC Graw-Hill , 6th edition .



Thank You