

# Developments in Business Simulation & Experiential Exercises, Volume 16, 1989

## COLLECTIVE BARGAINING SIMULATION: ADDING REALITY THROUGH POINT SCORING

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### ABSTRACT

Collective bargaining simulations frequently lack realism because students participating in them bargain for abstractions rather than real issues. The point scoring method suggested herein avoids that limitation by having students bargain for points which directly affect their grades just as actual bargaining affects union member pocket books and management costs.

### TYPICAL BARGAINING SIMULATION

Those who teach collective bargaining frequently utilize some form of bargaining simulation as an exercise intended to enrich the course and increase student understanding of the bargaining process. In a typical approach, students are provided information regarding a current but soon to expire contract, a list of potential union demands, and basic economic data relating to current economic conditions and cost factors associated with union demands. Given this information, students are then divided into several union and management teams and are instructed to negotiate a new contract.

This typical approach suffers from three distinct weaknesses. Most importantly, it incorrectly suggests that the bargaining process is driven solely by economic concerns, failing to realistically include non-economic issues. Secondly, the typical approach offers such a range of options in selecting bargaining issues as to provide an extremely unwieldy framework in which students are to exercise their bargaining behavior. Therefore, it is difficult for competing teams to even reach a common ground on which to negotiate. Finally, the typical approach offers no real basis upon which students can judge the value of various contract provisions or a basis for comparing the results achieved by different sets of negotiating teams.

### ALTERNATE BARGAINING SIMULATION

These weaknesses combine to limit the realism experienced in the bargaining simulations and, therefore, their value as teaching aids. There is, however, a relatively simple means by which these weaknesses can be corrected and the value of bargaining simulation significantly improved. To accomplish this requires that the instructor place limits on the range of bargaining topics, to specify for each topic the possible forms of agreement, and most critically, to attach point values to each of the points of agreement.

The limitation on bargaining topics insures that students are working within a common framework and that the bargaining process is manageable. It also insures that the results achieved by different sets of bargaining teams will be comparable since each "contract" will include clauses covering the same issues. An example of an inclusive issue

might be determination of when overtime is paid.

The specification of the allowable form of agreement for each issue further limits range of negotiations and insures comparability of results. Using the example of deciding when overtime is to be paid, the alternatives might be:

1. time and a half after 40 hours per week
2. time and a half after 8 hours per day
3. time and a half after 8 hours per day and double time after 50 hours per week.

Therefore, the bargaining teams have several (3 or 4) alternatives to select from which focuses their efforts and limits potential confusion about what is being negotiated.

The attachment of points to each alternative gives the teams something "real" to bargain for. Assuming that the teams' grades are determined on the basis of their cumulative point scores, the exercise includes a substantial dose of realism since each student actually has something to lose or gain in the negotiation process. Teams bargain for something real, their grade, rather than the abstractions of a labor contract.

An additional benefit of the point allocations is that the points assigned to each alternative determine the relative importance of the issue to the student, further increasing realism and reducing abstraction. In addition, the points can vary for given issues for union and management teams simulating the varying importance that each side might place on the same issue or outcome in "real world" negotiations. A final touch that further increases realism is to assign most management points negative values, since management is generally giving something up, and to assign positive points to the union, since they are attempting to gain benefits. Of course, a few positive management points coupled with negative union points to reflect give backs adds to realism.

### DISCUSSION

Using this point scoring approach allows the instructor to compare the final agreement between the student teams and rank order management and union teams separately. This rank ordering can then be reflected in the grading of the exercise as well as providing students information in comparison with other teams representing their side in bargaining.

This instructor has used this bargaining exercise on a number of occasions and has received highly favorable feedback from students. The comments frequently reflect a lack of initial interest that was overcome as the exercise progressed, as they began to engage in the self-interest associated with favorable point scoring, and as the negotiating deadline began to approach. Although the exercise allows for impasses, i.e. failure to reach agreement by the due date of a penalties that would have been assessed.

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Following in Table 1 is the basic outline for administering the exercise and in Table 2 an example of the point scoring system. Note that management and union point values frequently differ in absolute value as well as arithmetic sign. This further adds realism as teams have different weights for the various issues just as union and management negotiators place different levels of importance on the issues about which they bargain.

TABLE 1  
BARGAINING EXERCISE OUTLINE

1. Schedule exercise late enough in the term to insure that students have obtained a reasonably thorough exposure to the collective bargaining process.
2. At the scheduled time, announce the nature of the exercise to the class and;
  - A. Divide the class into an even number of teams of three or four students each
  - B. Designate half of those teams as union and half as management
  - C. Provide students with the basic bargaining relationship, including the existing contract if there is one (the instructor can choose to have this serve as an initial negotiation for a newly certified union)
  - D. Give the contract deadline and indicate when negotiating is to occur, in class, out of class, or a combination (some out of class negotiating is advisable because it forces students to address the issue of scheduling negotiations); and
  - E. Provide each team with their point score lists being careful to emphasize that they maintain confidentiality in order to insure that management teams don't discover the union's real (high point) issues and vice versa.
3. Allow the exercise to proceed while serving as a "technical advisor" to teams as needed.
4. At the deadline date, collect completed contracts and determine each team's point score (have the teams give their own score, but confirm their results).
5. After completion of the exercise and the scoring, provide class with feedback regarding the exercise including the rank order scoring.
6. Finally, request feedback from students regarding their response to the exercise and if desired have each team assess the performance of the members of the team and of their bargaining opponents. This allows for grading differential within teams based on participation in and contribution to the negotiating effort.

TABLE 2  
NEGOTIATING TOPICS AND POINT SCORING

Topic	Union Score	Mgmt. Score
1. Union Security		
A. Union Shop	+6	-3
B. Agency Shop	+3	-2
C. Maintenance of Membership	-2	0
2. Weekly Work Schedule		
A. 40 hours/5 days	0	+2
B. 40 hours/4 days	+4	0
C. 36 hours/	+6	-3
D. 32 hours/4 days	+8	-10
3. Overtime (regular)		
A. Time and a half after 40 hrs/wk	-4	+1
B. Time and a half after 8 hrs/day	+2	-2
C. Time and a half after 8 hrs/day and double time after 10 hrs/day	+5	-4
4. Overtime (weekends)		
A. Time and a half Sat. and Sun.	0	+1
B. Time and a half Sat., double time Sun.	+3	-1
C. Double time Sat. and Sun.	+7	-2
5. Holiday Pay (8 hrs pay if off)		
A. 8 hours pay plus straight time for hours worked	-2	0
B. 8 hours pay plus time and a half for hours worked	+2	-3
C. 8 hours pay plus double time for hours worked	+5	-9
6. Holidays (New Year's Day, Memorial Day, Fourth of July, Labor Day, Thanksgiving, Christmas Eve, Christmas Day)		
A. Leave as is	-4	+6
B. Add day after Thanksgiving	+2	0
C. Add day after Thanksgiving and New Year's Eve	+8	-10
7. Paid Break Time (15 minutes a.m. & p.m.)		
A. No change	-4	0
B. Add 5 minute each break	+2	-2
C. Add 30 minute paid lunch	+5	-8
D. Add 30 minute lunch and 5 minute each break	+8	-10
8. Vacations (1-2 yrs/1 wk, 3-10 yrs/2 wks, 11-20 yrs/3 wks, 20 yrs/4 wks)		
A. No change	0	+2
B. 1-2 yrs/1 wk, 3-5 yrs/2 wks, 6-15 yrs/3 wks, 15 yrs/4 wks	+4	0
C. 1 yr/1 wk, 2 yrs/2 wks, 3-5 yrs/3 wks, 6-15 yrs/4 wks, 15 yrs/5 wks	+8	-5
D. 1-2 yrs/2 wks, 3-5 yrs/3 wks, 6-10 yrs/4 wks, 10 yrs/5 wks	+8	-10
9. Pension Contribution by Company (8%)		
A. Reduce to 6% of earnings	-4	+10
B. Leave as is	0	+2
C. Increase to 10% of earnings	+6	-2
D. Increase to 12% of earnings	+10	-10
10. Insurance Plans (major medical, hospitalization and \$25,000 life insurance all company paid)		
A. Increase life insurance to \$50,000	0	1
B. Add family dental coverage	+6	-2
C. Add family dental and visual Coverage	+10	-4
11. Layoff Notification		
A. One day in advance	0	+4
B. One week in advance	+2	-4
C. Two weeks in advance	+3	-8

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TABLE 2  
CONTINUED

<u>Topic</u>	<u>Union Score</u>	<u>Mgmt. Score</u>
12. Bumping		
A. Can bump into any job in plant that are qualified for	+10	-5
B. Can bump into any job in dept. that is qualified for	-4	-3
C. Can bump only into same job laid off from	-2	0
13. Promotions shall be bid and go to:		
A. Most senior employee provided minimum qualifications are met	+8	-2
B. Most senior employee provided he/she is relatively equal to junior bidder	+4	-2
C. Most qualified employee	-5	-6
14. Probationary Period (30 working days)		
A. 20 working days	-4	-2
B. 40 working days	0	0
C. 60 working days	-4	+2
15. Supervisors and Bargaining Unit Work		
A. A supervisor shall not perform B/U work	0	0
B. A supervisor may perform B/U work in an emergency	-3	+2
C. A supervisor may perform B/U work at his/her discretion	-6	+4
16. Grievances Proceedings (assumes existence of four step procedure: supervisor, dept. mgr., plant mgr. arbitration)		
A. Steps 1, 2, and 3 shall take no more than 2 days each	+5	-6
B. Step 1 shall be completed in 2 days, step 2 in 3 days, and step 3 in 5 days	+3	-2
C. Step 1 shall be completed in 3 days, step 2 in 5 days, and step 3 in 10 days	0	+1
17. Arbitration Costs		
A. Shall be split equally between parties	0	0
B. Shall be paid by losing party	-5	+5
18. Shift Differential (day shift, night shift)		
A. Pay will be the same for all shifts	-2	-2
B. Night shift employees shall receive an extra .25/hr	+2	-3
C. Night shift employees shall receive an extra .50/hr	+4	-5
19. Contract Duration/Wage Increase		
A. One year with raise	+6	-4
B. 3 years with annual wage reopening	+5	-1
C. 3 years with predetermined annual raise	-1	+6

TABLE 2  
CONTINUED

<u>Topic</u>
20. Wages
A. Determine salary increase in cents:
1. If contract for one year or 3 years with reopening (A or B in item 19) negotiate wage increase for one year in cents
2. If contract for 3 years without reopening (C in item 19) negotiate wage increase for 3 years and take weighted average, i.e. [(yr. 1x3) ÷ (2x25) + (yr. 3x1)]/6 Example: year 1-40, year 2-25c, year 3-10; weighted average = [(3x40) + (1x10)]/6 = 30
B. Take wage increase in cents and sum the digits, i.e. sum of digits = (cents ÷1) x (cents x .5). Example: increase is 30, sum of digits = (30 ÷ 1) x (.5 x 30) 31 x 15 = 465
C. Point score
1. Management: points = -.01 x sum of digits
2. Union: points = ÷.01 x sum of digits