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UNION VS. MANAGEMENT: A SIMULATION OF COLLECTIVE BARGAINING IN ACTION

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ABSTRACT

Today's learners desire to play a more active role in their educational experiences. And, many teachers of adults in classrooms and other less formal settings have come to recognize the great potential of simulations, case studies, experiential exercises and role playing as teaching tools and learning devices. Nowhere is this potential more obvious than in today's colleges of business administration. This paper describes the authors' approach to helping students understand the intricacies of negotiating a labor agreement as well as other aspects of labor relations.

INTRODUCTION

Today's business student often decries the lack of opportunity to gain knowledge that relates to the "real world." In addition, managers sometimes make assertions that business school graduates are ill-prepared to cope with the situations they will encounter in business organizations. These managers often believe that college courses in business administration fail to provide the opportunity to identify and solve actual business problems. In an attempt to overcome these criticisms, the authors of this paper combined the lecture and discussion method with case analyses and a collective bargaining experience in their labor relations class.

Increasingly, the traditional learning approach-- lecture--is being supplanted by, or is used in conjunction with, more active learning approaches. Some teachers feel that specific techniques applicable to their field of expertise are more firmly grasped by the student who has the opportunity to put theory into practice. Typically, traditional instructional methods of lecture or lecture and discussion fail to provide that opportunity. This is not to say that these traditional approaches are "dead." They serve as the normative approach to teaching. In fact, traditional instructional methods remain the mainstay of most college instruction. There exists a proliferation of textbooks on personnel administration that consist largely of text material; Beach (1980); Heneman, Schwab, Fossum, and Dyer (1980); Schuler (1981); and Werther and Davis (1981). However, in the field of personnel administration or human resources management, the movement toward more active learning approaches is becoming evident. The popularity of case books such as Hilgert, Schoen, and Towle (1982) and Glueck (1918), as well as books of exercises by Beatty and Schneier (1981) and Whitley and Kelley (1981) indicate that professors are utilizing more active learning techniques.

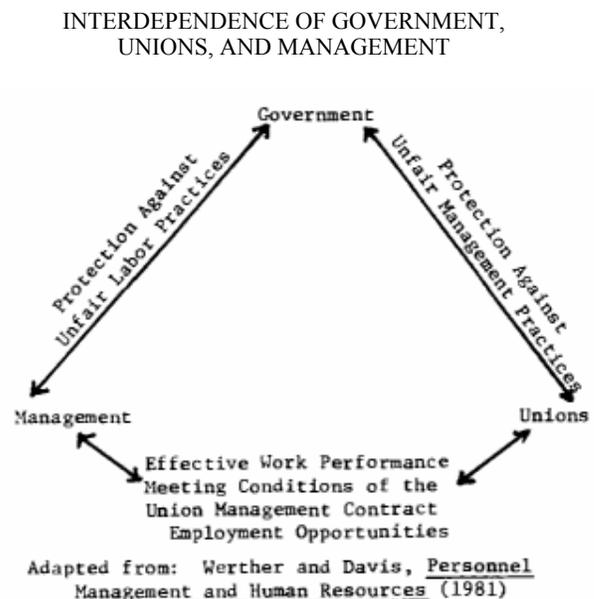
TEACHING LABOR RELATIONS

Many undergraduate students who major in personnel administration have the opportunity to select a course in labor-management relations. There are a number of reasons for students to make a careful and complete study of unions and union-management interactions. First, unions are pacesetters. Labor organizations, through collective bargaining, frequently set industry

standards by establishing wage levels, indirect compensation plans, and changes in working conditions. Actions of unionized companies, in turn, "Spillover" and influence the policies of nonunion companies. Second, unions are a major political and economic force at both the national and regional levels. It is through union political activity that employees gain substantial individual leverage. Third, an understanding of labor-management relations is a mainstay for the student wishing to avoid serious errors that may harm his or her managerial success. Such errors, unless avoided, can, in turn, cost the employer, through organizational ineffectiveness and legal proceedings. For example, where employees form unions the framework of employee relations changes. The personnel specialist must deal with the challenges of union organizing, bargaining, and contract administration. The student majoring in personnel, therefore, needs to recognize and experience the existence of union-management interactions operating through its three principal actors: workers and their representatives (unions), managers and their representatives, and government officials representing specialized agencies, (Dunlop, 1958)

The labor instructors' initial task is to make students aware of the significance of the interdependent relationship between unions, management, and government. This relationship is depicted in Figure 1. Because the relationship between employees, management, and the union (as influenced by the government) is critical, students examine this interaction rather closely.

FIGURE 1



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In order to explain this tripartite association, labor relations courses typically include a number of critical areas. For example, topics related to employees and unionization include: factors employees consider when deciding whether or not to join a union and the behavior of management as it relates to the employees' decision. Normally, a historical view of the labor movement and a discussion of the structure, as well as operations and philosophy of unions, is provided. The legal framework for labor relations is an important element of any study of the field. Certain acts, e.g., the National Labor Relations Act (1935), the Labor-Management Relations Act (1947), and the Labor Management Reporting and Disclosure Act (1959), are particularly noteworthy because of their impact on labor relations in the private sector. Public jurisdictions have not been ignored by regulators. State and city regulations, school board directives, executive orders, and federal statutes such as the Civil Service Reform Act, govern labor relations activities in the public sector.

A significant area for the student studying labor relations involves the intricacies of union organizing. Organizing is crucial to union growth and stability and to the American system of collective bargaining. Knowledge of union organizing is important since few people understand the process by which a single union is selected to represent all employees in a particular organizational unit. An organizing campaign to solicit employee support for union representation, determination of the appropriate bargaining unit the union will represent, and the pre-election campaign by unions and employers are important study areas. Equally important are the election itself and the certification of the union by the National Labor Relations Board (NLRB). The NLRB also conducts decertification elections. These elections make it possible for organized employees to vote to remove the union as their bargaining agent.

Since the relationship between employees, management, and the union (as influenced by the government) is critical, labor courses explore this environment thoroughly. Because the members of each group have their own goals and these goals often are not compatible, conflict arises. In the face of conflict the groups involved may take an adversarial or cooperative stance. The cooperative and adversarial approaches are discussed in terms of what constitutes effective union-management relations and how effectiveness is measured. Also, today's personnel major needs to know about issues facing unions and management. These include: equal employment opportunity, seniority, women in unions, political power, and the changing role of unions in the face of increasing technological advances.

A potential labor relations specialist (which all personnel majors are) needs to understand how the negotiating process works and the NLRB rulings which determine the mandatory, permissive, or prohibited issues of bargaining. Specifically, the union and the employer select their own representatives for the negotiating committee. The union bargaining team typically includes local union representatives (i.e., local president, chief steward, and executive board members) and a negotiating specialist from the national union. The company is usually represented by operating managers and professionals from the labor relations or personnel staff. Mandatory issues discussed by these negotiators are those issues that require discussion and change the nature of the job itself or compensation for work. Therefore, subcontracting work, plant closings, changes of operations, wages, hours, and other terms and conditions of employment, are mandatory issues. Examples of permissive issues include product pricing, selection of supervisors,

and product design decisions. Permissive issues are those topics that are not mandatory but are voluntarily agreed upon and are not specifically illegal. The prohibited issues are those concerning illegal or outlawed activities. The closed shop and compulsory dues check off are including in this category.

During the study of labor negotiations, students are made aware of various strategies and bargaining approaches as well as conflict resolution alternatives. Management strategies involve preparation in four major areas: (1) preparation of specific proposals in contract language; (2) determination of the general size of the economic package to be offered by the company; (3) preparation of statistical displays and supportive data that the company will use to justify bargaining proposals and demands; and (4) preparation of the bargaining book used by company negotiators. The bargaining book contains a compilation of information on clauses that will be discussed giving an analysis of the effect of each clause on company operations, their historical development, and other relevant facts. Unions, in developing their strategy, collect information in at least three areas: (1) the attitude of management toward various issues; (2) the financial position of the company and its ability to pay; and (3) the attitudes and contract desires of the employees.

A hallmark of U. S. collective bargaining is its ability to adapt to industrial change. Two notable procedures in negotiations today are productivity bargaining and continuous bargaining. Productivity bargaining, a relatively recent activity in negotiations, seeks to replace traditional work rules for ones that are more effective, with management returning some of the gains in modernization and increased efficiency to the workers through improved benefits. Continuous bargaining is a permanent arrangement in which a joint labor-management committee meets on a regular basis to explore issues of common interest to both sides. Each of these procedures attempts to improve organizational effectiveness and lessen the adversarial relationship of collective bargaining.

Conflict between union and management representatives is, however, inevitable. In the face of conflict situations, there are a number of conflict alternatives available. Two highly visible responses are the strike or lockout. A strike, simply defined, is a refusal by employees to work at assigned tasks. When management refuses to allow employees to enter the organization a lockout results. When the parties seek help to resolve bargaining impasses three alternatives are available: (1) mediation, (2) fact-finding, and (3) arbitration. Mediation is a procedure in which a neutral third party assists the union and management negotiators in reaching a voluntary agreement. The mediator has no power to impose a solution but he or she can make suggestions and offer advice. Fact finding is a semi-judicial process in which the major focus is placed on gathering the facts surrounding the dispute and offering specific recommendations for settlement. The final third party intervention is arbitration. Here an individual listens to both parties, gathers information, studies the bargaining situation, and then makes decisions that are final and binding on both parties.

The final topic of labor relations classes deals with administration and application of the collective bargaining agreement. This includes the daily operations and activities in the organization which are subject to the conditions of the agreement. Not surprisingly, individual agreements contain ambiguities that lead to disputes over interpretation and application of the contract. The most common method used to resolve these disputes is

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the grievance/arbitration procedure. This procedure is designed to resolve any charges that the contract or agreement has been violated.

INSTRUCTIONAL FORMATS

The many labor relations topics briefly described may be covered using a lecture or lecture and discussion format. The latter approaches are appropriate for use with textbooks such as Fossum (1979), Mills (1978), Holley and Jennings (1980), Kochan (1980), and Sloane and Witney (1981). Teachers who desire to use more active learning approaches may be hard pressed to find suitable materials in textbooks to cover the topics mentioned. To help students acquire knowledge of content material and experience in "hands-on" labor relations problems, a teacher may use textbooks such as Holley and Jennings (1980) combined with casebooks such as Schoen and Hilgert (1974). Books such as these include text material, NLRB cases, arbitration cases, grievance exercises, practical examples, and simulations. These learning tools permit use of the experiential learning approach. The experiential learning concept, defined most simply, is learning by doing. Experiential learning helps prepare students socially and technically for work careers because students are provided with an opportunity to put principles into action. This form of learning further combines active, personal experiences with general concepts as well as theory. The robust health of the Association for Business Simulation and Experiential Learning (ABSEL) and of the Management Education and Development Division of the Academy of Management are strong indications of the increasing popularity of the experiential learning approach. The popularity of this approach reinforces the belief that experiential learning tools have entered the mainstream of management education.

The authors, in teaching the labor relations course, made a conscious decision to utilize a number of experiential learning devices. Specifically, case analyses and a major experiential learning project were combined with lecture and discussion method in the labor relations class. The remainder of this paper identifies course objectives and describes the course offered by the Department of Management. Course outcomes and student reactions to the project are also discussed.

OBJECTIVES AND PROCESS

Course Objectives

The objectives of the labor relations course include:

1. To provide students with an overview of the collective bargaining process.
2. To increase the realism of the course content by making lecture material come alive through student involvement in a union-management contract negotiations exercise.
3. To enhance students' knowledge of human behavior in group/organizational situations.
4. To develop in students the ability to identify and solve labor relations problems.
5. To enhance students' understanding of the skills and abilities required of a labor relations professional.

METHOD

Participants

The participants were students at a southwestern college of business administration who were enrolled in two sections of the Industrial Relations/Collective Bargaining course. Most of the 76 students were

members of the senior class majoring in one of the business administration areas--typically, personnel administration.

Procedure

Prior to the beginning of the semester, the authors met to develop the specific details of the experiential learning exercise. It was decided to create an opportunity for small groups of students to carry out labor-management contract negotiations. We wanted the students to gain hands-on experience at negotiating a labor agreement. This objective, we believed, would allow them to integrate information covered in case analyses, case incidents, and the many topics covered throughout class discussions. The second author developed a set of guidelines and established the specific procedures each labor-management team would follow. Discussions with students concerning the exercise took place in the faculty members' offices and in the classroom. At the beginning of the semester students were informed that they later would "sit down at the bargaining table and try to hammer out an agreement." As the time for the exercise grew near, the students' curiosity and interest increased dramatically.

Prior to actually beginning the exercise, students were briefed and divided into groups of ten. These groups, once established, were split in half. Five of the group served as management representatives and the remaining five students formed the labor team. Assignment to teams was made on a random basis. There was no attempt to assign students with either a pro-management or a pro-labor sentiment to specific teams. Each labor and management team then received a large packet of information. The packets were similar with the exception of team member roles. A wealth of information was contained in each packet:

- Simulation instructions
- Ground rules for the negotiation
- Role profiles for each of the five labor and management team members
- History of the collective bargaining relationship
- Cost and financial data
(2 years detailed and 7 year totals, including trend data)
- Copy of the current contract

Some elaboration of the materials described seems appropriate. The simulation instructions provide the students with a written introduction to the negotiation simulation and his or her role in the process, including an explanation of the purpose of the exercise. Students discover that they will be exposed to an extremely realistic exercise that will require them to: (1) study the current operations of both management and the union, (2) gather facts and information from which to bargain effectively, (3) formulate a strategy and appropriate tactics to carry out the strategy, (4) meet in caucuses for in-depth discussions of issues, (5) actually negotiate the contract, and (6) critique the final results. Students are instructed to resolve any conflicts arising out of the contract previously negotiated. In sum, they are told that they will experience what collective bargaining is all about.

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The ground rules provided inform negotiating teams what they can or cannot do while negotiating the contract. For example, collusion is expressly forbidden and no inter-team consultation is permitted prior to bargaining sessions. Other elements of lesser importance to the process are stated as ground rules.

The roles of each member of the labor and management team are specified. Each role describes the person's personality, work history, title, and feelings about selected work-related issues. These roles further help the students to formulate their bargaining demands and to become heavily involved in the "psychology" of the actual bargaining process. The labor team consists of the president, vice president, treasurer, and chief plant steward of the local union plus an experienced negotiator from the international union. Management team members include the corporate director of industrial relations, director of financial operations, director of operations management, the managers of organization development, and the compensation manager.

A historical background extending over a 24-year period is provided to each team. This information covers how the business started, who its major customers are, business growth and expansion, and the current union-management climate. The more recent posture of the union and potential work-related problem areas are identified. Among the current issues faced by the union are: (1) a changing workforce, (2) backlash from a company modernization plan, and (3) a different international union trying to win over the company's employees. Several issues related to the current contract are described. Among these issues are wages and benefits, union security, management rights, and other administrative issues.

Each team was provided with two other pieces of information. Cost and financial data for the company were presented in the form of a balance sheet, statement of earnings, and net sales and earnings. A three-year contract previously negotiated between the company and the union was made available to each team. The contract was designed to present articles and clauses found in typical private sector agreements. Contract provisions cover recognition of the union as bargaining agent, agreement to avoid work stoppages, statements concerning hours of work, wages, and vacations, as well as a description of the grievance procedure. The final three articles of the contract dealt with arbitration as a means of resolving unsettled grievances, seniority provisions, and management rights.

The teams used the materials given in the packets and the information verbally obtained from the professors to conduct their negotiation sessions.¹ Since the teams are charged with developing their strategy and determining tactics they would employ prior to the joint meetings, they had to meet often and at length to prepare for the bargaining sessions.

Sequence of Events

A number of class periods are committed to the negotiation simulation. A minimum of five class periods are allotted. The initial class period is devoted to an introduction to the negotiation, assignment of the teams, and distribution of the materials. Before the next class meeting the students must read their packets and select their individual roles. The second meeting is a strategy meeting. Teams meet separately to determine which demands they

¹ The professor doesn't mediate or arbitrate disputes. His or her role is that of a resource person. Further, professors did not interrupt or hinder negotiations by sitting in on bargaining sessions.

will make and what stance they will take on selected issues. A form detailing each demand, the lowest acceptable offer, the initial demand offer, and their expectation of what will be offered by the opposing team, is completed and presented to the teacher. This form serves as the team's strategy and tactics for subsequent bargaining sessions. In the third meeting management and labor make introductions and exchange demands.² No actual bargaining takes place at this meeting. Rather, information is shared and clarification of stated demands is obtained. This initial bargaining session parallels the practice of industry. The fourth and any succeeding meetings, except the last one, involve actual face-to-face negotiations. During the negotiating sessions the team may caucus, break off negotiations, and take other actions typical of negotiating parties. The last meeting is devoted to writing the additions (deletions) to the old contract. Each team, working independently, completes a final form which describes their version of the contract agreed upon. Comparison of the two forms, which is later discussed in class, sometimes reveals differences. Such differences invariably create the possibility for future grievances.

EVALUATION OF THE NEGOTIATION SIMULATION

At the conclusion of the negotiation experience, the instructors met with the students to discuss the value of the simulation as a learning tool. Students also were asked whether students in future industrial relations/collective bargaining classes should participate in such a project. As a first step, students shared with everyone the events that took place in their planning and negotiation sessions.

Reactions to the negotiating process were overwhelming. Students enjoyed the project. They seemed a bit surprised by the ease with which they could move into their respective roles. Invariably, students attempted to act and dress as they believed management or labor would act or dress. It was not uncommon to see the mass transformation of the class from a group of individuals wearing the uniform of the day--blue jeans--to a group of union and management leaders, many of whom were dressed in business attire. Participants in the exercise did acknowledge the large amount of time they spent outside of the classroom collecting supporting data and developing strategies and tactics. They believed, however, that the benefits of the experience outweighed the costs because the group members gained new knowledge. In addition, students felt they gained a better understanding of the politics, detail, complexity, and role of the human element in the collective bargaining process. Reading about collective bargaining falls far short of the experience of sitting across the table negotiating a contract with real people who cuss a lot, say "no" a lot, and, in general, seem unreasonable.³

Since the only evaluation method employed to date-- participant feedback--provides the weakest form of evidence, the authors intend to use a research design with fall classes that will give another means of evaluating the negotiating simulations. We are in the process of attempting to develop a short collective bargaining test suited to the project. The test will be used for

² Separate rooms were obtained for each ten-member team. Conference rooms or small classrooms with tables were used to approximate the actual bargaining environment.

³ During team caucuses, we often heard team members discussing material covered during class discussions. This interaction is an additional benefit of the game.

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pie-test and post-test purposes on randomly assigned groups who either have or have not participated in the negotiations. Group (experimental vs. control) comparisons will be made. We hope to report these results at the ABSEL meeting.

CONCLUSIONS

The negotiations exercise, the authors believe, was a real addition to classroom learning. The simulation exercise exposed the student to all phases of the collective bargaining process. The experience enables the students to get a "feel" for what negotiating a labor-management agreement is all about. These students are thrust into a realistic situation which allows them to apply theories as well as to demonstrate their communication, leadership, and other skills. This type of project, we believe, helps overcome the objections of students and business managers who complain about graduates not gaining "real world experience." And, we firmly believe that the negotiation exercise, case analyses, and lecture discussion aspects described previously enabled us to meet all course objectives.

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