

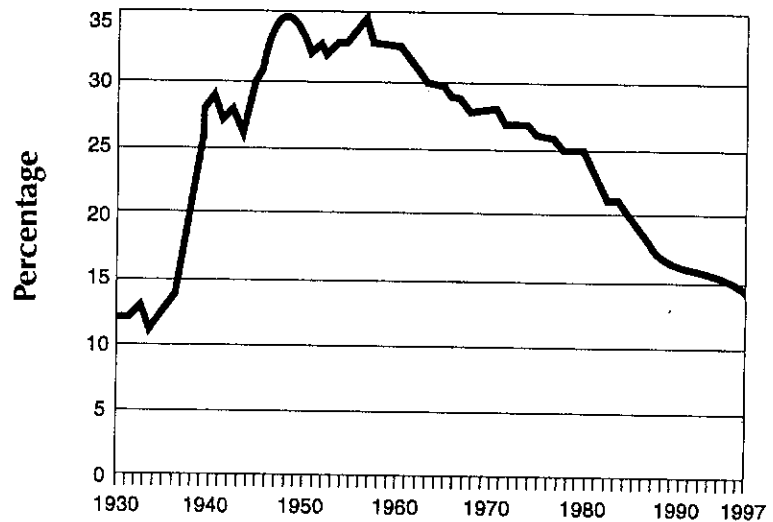
THE FUTURE OF UNIONS

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Ever since the enactment of the National Labor Relations Act in 1935, labor unions have been a powerful influence in the United States. In the decades immediately following World War II, unions effectively bargained the terms and conditions afforded all American workers. They were able to influence the election of sympathetic policymakers who would successfully sponsor favorable legislation and regulations. During most of the twentieth century, labor unions enjoyed, and took advantage of, a position of significant power. At the start of this millennium, however, both the future and the vitality of unions are in question. Contemporary articles present conflicting positions as to whether organized labor is a dinosaur on the verge of extinction or whether it will persevere and evolve in response to changes in the political and cultural environment (Hurd 1998; Rosenthal 1998). At the core of this debate is the decline of union membership, best illustrated by the following graph (Bureau of Labor Statistics 1999).

Union Density, 1930-1997

Membership as Percentage of Payrolls



For the human resource professional, the discussion is not theoretical. It represents the basis for previewing human resource jobs in the future. More specifically, the existence of a union in a particular workplace will continue to require additional skills and responsibilities of human resource professionals. Each human resource professional will have a critical role in the determination of the union status of the organization. This chapter provides an accurate projection of labor unions into the next two decades. To understand the current and future status of unions, it is neces-

sary to understand the transformation of unions from a major national power to the current weakened state. Unions do not exist in a vacuum. They have been somewhat decimated by external change forces. The decline is due, in part, to the failure of unions to adjust or adapt, but such contention does not take into account the extent of the forces for change that have dramatically affected labor unions. Further, although unions in general have experienced hardships, unions also have had some successes—for example, significant growth in the public sector and in some specific industries.

This chapter addresses the future of unions in selected industries and workplaces in order to offer insight into the general implications of the winds of change relating to unions. Human resource professionals will recognize the power of personal influence as a primary determinate of the result of union organization efforts in their workplaces. The most appropriate analysis and discussion of the current and future status of unions will not center upon unions themselves, but will focus on the significant forces or drivers of change external to unions. Human resource professionals are fully aware of these significant drivers of change: workforce and employment. Analysis of these drivers is based on statistical information, projections of the data, and the opinion of respected sources. Great care was taken to avoid the trap of simplistic extrapolation. The projections of influential data are represented only by information that has been supported by "expert testimony." Simple extraction certainly would support the perception that labor unions will be nonexistent or meaningless in the near future. But this chapter shows that labor unions will continue to be influential in the future, especially in specific workplaces and under specific conditions.

Workforce Considerations

In today's vigorous economy, many workers have little need for what unions have traditionally offered: competitive compensation, job security, and equitable grievance procedures. Unions continue to tout higher wages for their membership, but surveys show that, in general, higher wages are a lesser concern of workers. Most workers today regard adequate compensation as a given, and this view will continue in the tight labor markets of the early decades of the millennium (Adams 1998). Although some categories of workers do find the prospects of higher pay more attractive, many regard job satisfaction as their primary interest. Unions, however, have demonstrated little or no influence on job satisfaction. Studies have indicated that unionized employees experience less job satisfaction than their nonunion counterparts (Kleiman 1997). Human resource professionals can play a critical role in the delivery of increased job satisfaction to employees.

While unions cannot deliver the workers' premier need, they do have two offerings that are very attractive to certain groups of workers. First is job security (Holley and Jennings 1997). In previous decades, job security was held as sacred only by those employees whose security was threatened. It is ironic that increased numbers of workers are concerned about job security in this tight labor market. Anxiety has increased in the wake of such significant events, such as the passage of the North

American Free Trade Agreement (NAFTA), corporate downsizing, and the growth of outsourcing.

Some concerns of blue-collar workers relating to NAFTA have been justified. The Labor Department reports that more than 210,000 blue-collar jobs (primarily in the manufacturing sector) were lost in the five years after the legislation was enacted. At the same time, NAFTA is reported to have "boosted export-related U.S. economic growth" and created more American jobs (primarily white-collar and service jobs) in a single month than were created in the year before its enactment (Wildavsky 1999). Consequently, Congress will enact new treaties, such as Fast Track, that will have similar results: a loss of blue-collar jobs and a significant gain of other jobs.

Similarly, the concerns of both blue-collar and white-collar workers have been justified relative to downsizing and outsourcing, which have become common strategies for organizations looking for ways to cut costs in highly competitive markets. It has become a common occurrence to find media stories on the corporation that announces the layoffs of thousands of workers. Additionally, the outsourcing of work continues to grow, particularly in the public sector. The Outsourcing Institute in New York "reports that spending on outsourcing has grown fivefold this decade" (the 1990s) (Overman 1997, p. 112). Therefore, it is understandable that workers in search of protection from downsizing and outsourcing will turn to unions. And unions have been responsive to these concerns. Howard A. Sieber, partner and principle consultant for HR Intervention Associates, as cited by Overman, stated:

Unions work hard to create more language that inserts them into the decision-making process, and they have been successful. I see a resurgence of unions' willingness to exercise strike power to stop, slow or otherwise change management's position, relative to outsourcing or subcontracting (Overman 1997, p. 112).

The second offering used by unions to attract workers builds on employees' strong expectation of fair and respectful treatment. The federal government's propensity for legislating employee rights has reduced the need for unions. But employees still recognize unions as the guardian of fair and respectful treatment in the workplace, and the perception of unfair or disrespectful treatment by management can create an opportunity for a union to organize. The implications for the human resource professional are obvious. Fair treatment of employees is a fundamental objective of human resource management. Therefore, our influence in the positive treatment of employees will aid productivity and retention and perhaps diminish the need for unions in organizations. In his influential study of personnel practices in nonunion companies, Foulkes (1980) found that companies that successfully remained nonunion were more likely to promote management philosophies emphasizing employees as stakeholders and good employee relations. At the level of practice, Foulkes and others (e.g., Fiorito, Lowman, and Nelson 1987) have found that formalized, consistent, and progressive human resource policies substantially reduce employee interest in unionization. According to this analysis, workers' needs will not be the basis for seeking union representation. However, in cases of anxiety over job security or the perception of unfair treatment, groups of employees will seek union representation. The progressive actions of human resource professionals

will improve conditions in most organizations, resulting in increased job satisfaction for most workers.

In addition to the worker's wants and needs as cited above, two other conditions positively influence union organization. First, workers tend to favor unions if their companies have a "directive" (chain of command) rather than participative or open culture (Mathis and Jackson 1997). It appears that unionization is perceived as the worker's vehicle for input and participation. This finding is a "call to action" for human resource professionals who perceive that the culture within their companies is directive in nature. While more participative cultures are perceived as conducive to higher productivity, a culture shift can also be justified on the basis of filling this apparent desire of workers to participate. Second, workers who have been union members in the past are more likely to favor union representation (Mathis and Jackson 1997). Accordingly, human resource professionals who work in industries or geographical locations that are heavily unionized should be acutely aware of the inclination. This inclination could have significant implications in the merger of organizations when one or more are organized.

Finally, a very different union leadership is emerging that will create a new appeal to workers. Emergent leaders within labor can be characterized as the "Ivy League Leaders." Highly educated leaders have assumed the helms of labor unions such as the Teamsters, Service Employees, and Hotel Workers. In addition to creating a more "professional image," these leaders are attempting to interest workers in terms of ideology and social issues, in addition to the traditional union offerings. While such offers may not appeal to all workers, it may be very effective in attracting professional workers such as physicians. In essence, this is an evolution of union offerings that has not been fully tested in the workplace until this decade.


Worker Demographics

The demographic profile of the workforce will continue to change dramatically in future decades (Mathis and Jackson 1997). It is very likely that benefit to unions will be slight to moderate. The change in the workforce will continue in the groupings of women and minorities.

Women

It is clear that women will constitute the vast majority of the labor supply for the next two decades. Two out of three applicants for jobs will be female (Mathis and Jackson 1997). Historically, unions have not actively recruited women for membership. Such complaints as the lack of female labor leaders and the lack of sensitivity to women's issues have been common barriers between women and unions in the past. However, the AFL-CIO has now recognized that "Working women absolutely are the future of this labor movement" (Outwater 1997, p. 1).

While not conclusive, studies and surveys have indicated that women are more likely than men to join unions, 49 percent to 40 percent (*Wall Street Journal* 1998). The rationale for the inclination of women to organize is obvious. Though women represent the majority of the workforce, compensation of female workers is



collectively lower than that of male workers (Mathis and Jackson 1997). Women continue to dominate low-paying occupations such as clerical jobs and are more likely to work part-time. Women are also likely to be the sole provider for their family. Accordingly, many female workers are more concerned about compensation than the workforce as a whole. Women bring significant needs to the workplace that are unique (Mathis and Jackson 1997)—for example, a greater need to balance family and work demands, and needs for additional flexibility in hours and affordable day care. Often they perceive unions as the vehicle for satisfying these needs.

These inclinations of the largest group of tomorrow's workers should be encouraging for unions. Unions will have a greater opportunity to organize female workers, provided that women find unions more appealing than in the past. Because of the feminization of the workforce and the expressed inclination of women to join unions, human resource professionals should ensure that the needs and preferences of women are addressed within their organizations. By avoiding conditions such as poor treatment or the failure to listen to women, organizations can effectively eliminate the impetus for female employees to seek unionization.

Minorities

Similarly, studies indicate that African American workers have more favorable attitudes toward unions than white workers do. Further, African American workers have a higher percentage of union members (17.7 percent) than white members (13.5 percent) do. While African American workers will not represent a large percentage of the future workforce, this inclination has significant implications for unions and for organizations in many urban areas in this country (Amber 1999).

It is clear that Hispanic workers will constitute a growing percentage of the future U.S. labor force, especially in the Southwest. Attitudes of Hispanic workers have been less favorable toward unions. Hispanics represent the lowest percentage (11.9 percent) of union membership in terms of racial categories. Hispanic females have the lowest percentage (10.8 percent) of union membership (Amber 1999). This is not to say that human resource professionals should consider nonunion status as a given if their workforce is predominantly Hispanic. Progressive human resource practices will still be the most effective factor in workers' consideration of the need for a union in their workplace.

Contingent Workers

One of the fastest-growing sections of the labor force is the contingent worker. Approximately 20 percent of today's workers are parttime or temporary. Because of the nature of their employment, few temporary workers belong to a union (Bureau of Labor Statistics 1984, 1998). Only 7 percent of parttime workers are union members. One of the temporary employment firms is currently the largest employer in the United States, yet unions have not been able to represent this large group of workers. The transient nature of temporary positions is not consistent with traditional union representation; in the private sector there are actually legal barriers to the unionization of temporary workers. While unions have been able to organize large

numbers of parttime workers in huge organizations (e.g., United Parcel Service), unions have not been able, presumably for logistical reasons, to organize the vast majority of these workers in smaller organizations. Therefore, it appears that this large group of workers will continue to be nonunion members in the future. Unions appear to have a major misunderstanding of the plight of the contingent workers. Unions characterize contingent workers as victims, or workers trapped in the undesirable fate of a contingent worker. Yet analysis of the composition of these workers indicates that contingent work is a choice, predicated upon personal reasons. More specifically, many of these workers are students, working mothers, or workers between more permanent employment. The demographics of the future workforce provide some encouragement to unions. Clearly, female and black workers have more favorable attitudes toward unions than the white, male workers who have represented the majority of the workforce in the past. The apparent challenge to the human resource profession will be consideration of the sensitive and responsive needs of a diverse workforce.

Private Sector

The private sector has historically been the strength of the labor movement. In the future, however, most unions in the private sector will fight for survival. Much of this twist of fate is a result of the external winds of change and the evolution of the U.S. economy. The most significant changes have been the changes in the nature and the geographical locations of U.S. jobs. These changes have a significant adverse impact on the traditional core unions of the labor movement, and they account for the declining numbers in union membership. These impacts are most noticeable in the analysis of major industries.

Manufacturing

Manufacturing represents the largest occupational group of private sector union members, at 3.2 million members (Bureau of Labor Statistics 1996). Manufacturing jobs continue to be jobs that will be exported as a result of U.S. trade agreements and global competition. Although many manufacturing jobs will be created, the majority will be created in states that have low union membership. For example, *Time* magazine has reported that Arizona and Texas are the "hottest places" for manufacturing jobs in the future (Greenwald 1997). Both of these states have low union membership rates (7% and 6%) (Bureau of National Affairs 1999a) and will not be fertile ground for unionization in the future.

While the outlook for labor is adversely affected by the relocation of a large number of jobs essentially out of unions, there is the potential for unions to replace some lost manufacturing jobs. According to Philip Simon (1999), small companies are now dominating the manufacturing industry. This change is encouraging to unions for two primary reasons. First, unions have demonstrated a higher success rate in organizing small organizations. Second, small organizations do not usually have a full-time human resource professional to ensure the proper treatment of employees and to counsel the company during the organizing activities.

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Another potential for union organization relates to industry efforts to streamline processes for purposes of efficiencies. Many large manufacturing companies are consolidating supply, service, and distribution centers. These efforts generally accomplish the stated objective of efficiencies. But some employees may be disgruntled with the company about the consolidation efforts if they have been forced to relocate or to accept jobs that are lower-paying or not to their liking. Therefore, one result of these consolidations is to increase the likelihood of union organizing. In fact, some of these centers have become bigger targets for union organizing. They create the possibility of gaining a large number of new members. Human resource directors in these companies should make every effort to address these issues throughout the planning and implementation of such efforts. These efforts could decrease the chances of union organization.

It is apparent that unions will experience significant losses in membership as a result of the geographical location or relocation of manufacturing jobs in the future. It is also apparent that unions will have more opportunity to add some members in small businesses. It is probable that there will be fewer unionized manufacturing workers in the future and that manufacturing will not be the industry of the greatest union numbers.

Services

The services industry employs the most workers (30.7 million) in the country and represents one of the lowest rates of union membership (5.4%), 1.6 million (Bureau of Labor Statistics 1999b). In general, unions have had very little success in organizing service workers. There are several factors that could assist unions in their organizing efforts. First, it is possible, but unlikely, that Congress will legislate single-site bargaining units. Because most service companies are small and comprised of stores or service centers, single-site legislation would be a major boon for union organization. Second, the use of Internet organizing could facilitate the organization of service stores or centers that are geographically scattered. Although Internet organizing will become a major tool for labor organizations, unions will not make significant inroads into most service organizations. Unions could make significant gains in one service area—health care services. Health care, now approximately fifteen percent unionized (Bureau of National Affairs 1999b), represents a huge opportunity for union organization. JoAnn Shaw, vice president and chief human resource officer of the University of Chicago Hospitals and Health Systems, says union-organizing activities have increased in number semiannually between 1996 and 1998 from 11.5 percent to 16.6 percent (ASHHRA 1998).

There are some underlying factors that may result in the increase of unionization in the health care industry. First, most health care facilities employ a significant number of employees. Second, many health care companies have continued directive cultures, which cause employees increasing dissatisfaction. Third, unions in this industry have developed some momentum. Employees in a nonunion company may be more susceptible when aware of other organization activities in other health care facilities. In addition, physicians have recently become very interested in unionization. To date approximately 2 percent of the 1.4 million physicians have organized

(Stilwell 1998). While the rationale for physicians to organize is not apparent, the uncertainties of this industry and the new ideological offering of unions appear to be two significant reasons.

The implications and challenges for human resource professionals in health care are enormous. HR personnel should be fully aware that their industry is a hotbed of union-organization activities. It would be prudent to scrutinize company programs, culture, and practices aggressively for causes of employee dissatisfaction in order to anticipate or prevent union-organizing activities. Although unions will not establish significant gains in the service industry as a whole, unions will continue to target all health care workers and will be successful in gaining significant membership.

Transportation

With 1 million union members, and the highest concentration of union members (26.5%) (Bureau of Labor Statistics 1999b), the transportation industry will grow during the next two decades. For example, Julie Showers (1999), managing director-labor relations for Northwest Airlines, states: "Unionization within the airline industry is on the increase, not the decrease. Of the major national carriers, four out of five are heavily unionized." The transportation industry also provides the labor movement with greater visibility. For example, who could not be aware of a strike action against a major carrier? Unlike other unions, organizers of transportation workers will not face significant challenges such as the relocation of jobs or the challenge of organizing scattered groups of workers. Therefore, the transportation industry will provide additional union membership and will establish a stronger and more visible leadership role in the labor movement.

Wholesale and Retail Trade

Like to the service industry, the sales industry has a large number of workers (second to the service industry) and a low union member percentage (5.6%) (Bureau of Labor Statistics 1999b). The challenges for unions are the same in other "scattered employee" groups. In addition, the sales industry has a high concentration of contingent workers, such as students who do not perceive their employment relationship as long term.

Some large retail companies, like some manufacturing companies, will consolidate distribution centers, which could create additional probability of union organization. As discussed for the manufacturing industry, human resource professionals should be diligent in such consolidation efforts in order not to cause unionization. In general, this industry offers unions little opportunity to gain significant membership from the enormous pool of workers.

Construction

The construction industry is a well-recognized bastion of the labor movement. The industry has 1 million union members and a union member concentration of 18.6 percent. There will be some growth in construction jobs, and construction

companies will continue to "double breast" or maintain nonunion entities for opportunities of highly competitive bidding (Greenwald 1997). In contrast to other traditional union strongholds, such as manufacturing, unions will experience slight gains in construction union members in the future.

In summary, the future of unions in the private sector presents more challenge than opportunity. The most fertile industry, manufacturing, will decline in union membership. Unions will not be effective at gaining significant numbers of new members in the two huge industries of service and sales. The bright spots for private sector unions will be transportation and health care workers.

Public Sector

In contrast to the private sector, the future of public sector unions is much more optimistic. Public sector union membership is approaching fifty percent of all union membership (Bureau of Labor Statistics 1999b). The unions representing teachers (National Education Association) and government employees (American Federal of State, County, and Municipal Employees) are two of the largest unions in the labor movement. Public sector union membership rate is a lofty 37.2 percent (Bureau of Labor Statistics 1999b). There will be slight growth in the number of government jobs in the future, especially in area of education, although it is apparent that factors such as charter schools and vouchers could result in some erosion of union membership.

Similar to their colleagues in the private sector, public sector employees perceive significant threats from government outsourcing and from privatization. This reduced influence is aggravated by the tendency of public employers to have directive or autocratic cultures. Unions are considered an ally in the minimization of both of these significant threats. In addition, public sector human resource professionals have less influence than their private sector counterparts in the implementation and administration of the programs and processes that directly affect the employees.

Labor legislation is a paramount consideration in the public sector. Consequently, some public sector employees continue to be prohibited from union representation. But legislative limitations will continue to affect only a minority of government employees in the future. Accordingly, private sector unions will gain considerable numbers of members in the future, and public sector unions will dominate the labor movement after experiencing significant growth. The public sector presents few barriers to labor organizations and offers a very large pool of workers attracted to unions.

Conclusion

The future of unions is slightly more favorable than their current state. Unions will continue to represent a substantial number of workers. Based upon this analysis, union membership can be expected to include between 20 and 25 percent of the workforce.

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