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Fundamentals of Human Resource Management, 3rd Edition

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CASE: UNION BARISTAS AT STARBUCKS?

Starbucks, ranked near the top of *Fortune* magazine's list of the 100 Best Companies to Work for in 2008, might not seem like an obvious candidate for a union organizing campaign. But for several years, the Industrial Workers of the World (IWW) has been leading a drive to organize Starbucks workers, and the company has fought back.

Daniel Gross, a volunteer organizer for the IWW, complains that Starbucks is not as socially responsible as management would like people to think, at least not when it comes to treatment of employees. For example, only 42 percent of Starbucks employees have company-provided health insurance. That percentage is even lower than the 47 percent at Wal-Mart, which has been widely criticized for poor compensation and benefits. Starbucks responds that over 90 percent of employees have health coverage from some source, such as a spouse or parent, and that, unlike most companies, it makes health insurance available to employees who work just 20 hours a week. In fact, Starbucks is thought to be the first major U.S. company to offer health insurance to part-timers. In New York, its typical wage for baristas—\$8.75 per hour—exceeds the industry median of \$7.76.

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The IWW typically focuses on "direct action" to build grassroots support for unionization. Pressure on companies comes from tactics like Internet campaigns and picketing in front of stores. According to Gross, the IWW played a "substantial" role in wage increases and better working conditions at Starbucks stores. Starbucks spokesperson Tara Darrow denies that the IWW made a difference. Darrow says an employee survey found that workers want to earn more, and those results were the main reason for the pay increase that followed.

Whether or not employees need a union, Starbucks is legally required to avoid penalizing employees for the effort. In that regard, Starbucks has come under fire. The IWW claimed that in New York the company fired three employees for supporting the union, gave other union supporters negative performance appraisals, and prohibited employees from wearing union pins. The National Labor Relations Board found enough merit to the claims to schedule hearings. The company denies the charges.

Starbucks's defense grew more awkward when e-mail messages among managers became public. For example, messages indicate that when some managers learned two pro-union employees had graduated from a labor program at Cornell University, they gathered the names of other graduates and checked them against company lists to identify other employees who had been in the same program. Although the research itself is not necessarily illegal, it raises questions about how managers would use what they had learned.

Company spokesperson Tara Darrow has this response: "Starbucks respects the free choice of our partners [employees] and remains committed to complying fully with all laws governing the right to organize collectively. We also are confident that our progressive, pro-partner work environment, coupled with our outstanding compensation and benefits, make unions unnecessary at Starbucks."

SOURCE: Moira Herbst, "A Storied Union Takes on Starbucks," *BusinessWeek*, August 2, 2007, General Reference Center Gold, <http://find.galegroup.com>; and Kris Maher, "Starbucks E-mails Describe Efforts to Stop Unionization," *Wall Street Journal*, January 9, 2008, <http://online.wsj.com>.

Questions

1. What challenges might the IWW expect to face in organizing workers at Starbucks?
2. How well do you think Starbucks is defending itself against the claims of the IWW? What other responses should it consider using?
3. If the IWW were to succeed in organizing baristas at Starbucks, what changes would you expect in the way the company manages those workers?

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