Labor Relations Striking a Balance 5th edition Budd Solutions Manual

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CHAPTER 2

Labor Unions: Good or Bad?

Chapter Overview

Students (and practitioners and policymakers) often already have ideas about whether labor unions are good or bad, but these are often incompletely formed and do not reflect an understanding of alternative views. The goal of this chapter is to illustrate four alternative views that are each rooted in a well-developed intellectual school of thought: mainstream economics, (unitarist) human resource management, (pluralist) industrial relations, and critical (or Marxist) industrial relations. These schools are initially illustrated by a consideration of their views on the causes of, and therefore on the appropriate solutions, to labor problem of the early 20th century. Then the relevance for thinking about contemporary labor relations is illustrated. The industrial relations school is key for understanding the existing labor relations legal framework and processes. A thorough understanding of this school of thought is essential, and this understanding is achieved by contrasts with the other three schools. Moreover, the other schools are essential for understanding alternative perspectives on labor unions and desired future directions for U.S. labor policy. This leads into the relevance for the broader issue of workplace governance which is also introduced. Workplace governance is the broad regime for how workplace rules are determined. Lastly, whether or not labor unions are good or bad can also be seen as an empirical issue. So the research on what do unions do is briefly summarized. Moreover, labor unions are not purely workplace institutions. There are various categories of theories of the labor movement based on the *social roles* of labor unions. Some of these theories are discussed in the context of the workplace. Others move into political, psychological, and spiritual arenas. But ultimately, how someone evaluates what unions do depends on what school of thought guides their thinking.

Lecture Tips

The most important goal of this lecture is for students to understand that there are four very different ways to think about the employment relationship:

1. The mainstream economics model
2. The human resource management model
3. The industrial relations model
4. The critical industrial relations (or Marxist) model

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Each of these schools of thought embraces different assumptions about whether or not labor is simply a commodity, how markets work (are they perfectly competitive), the nature of conflict in the employment relationship, and the importance of employee voice. This is essential for understanding labor relations because different views yield different visions of labor unions. Many students see unions as bad or unnecessary. This is because many embrace the mainstream economics or human resource management vision of the employment relationship—though they have probably not thought about these models explicitly. It is important to show them that their views of labor unions are linked specifically to certain assumptions about the employment relationship. The importance of this understanding is magnified by the fact that U.S. labor law, the existing labor relations processes, and many union leaders embrace a different school of thought—the pluralist industrial relations model. It bears emphasizing that students do not need to accept the views of the industrial relations school, but it is imperative that they understand it in order to understand the world of labor relations.

Students can be more receptive and less defensive when confronting these issues in a historical context. Therefore, use the historical labor problem of the working conditions of the early 20th century to discuss various sources of this labor problem, and by extension, the four schools of thought on the employment relationship. Students frequently have a general sense of the exploitive conditions of those times so rather than lecture about these conditions, encourage them to offer ideas that can be written on the board (the testimony from Table 2.1 can supplement this discussion). Then have students brainstorm about possible causes to the labor problem. Once a variety of alternatives are on the blackboard, take these responses and shape them into the four schools of thought. To make these schools of thought stand out, reinforce them by using the line art that appear in the text (alternatively, see the active learning ideas section for a different use of the pieces of line art).

The imagery of Figure 2.3 (the pendulum diagram from the *Survey*, February 7, 1914) is critical for understanding the entire course (labor relations as striking a balance both in terms of bargaining power and rights). And the other pieces of line art can be used to deepen the understanding of each alternative because the features of any one school are made clearer through comparisons with alternatives.

Once the students understand the differing views of the four schools from a historical perspective, discuss how they continue to be essential for understanding contemporary labor relations and all aspects of the employment relationship (and broader economic and social debates, such as over globalization). Make sure students understand the significant difference between the HRM vision of unitarist conflict and the IR vision of pluralist conflict, and between the mainstream economics faith in free markets versus the IR desire to place checks and balances on markets to help them work better and produce fairer outcomes. Point out that this reveals why

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supporters of free markets see labor unions as special interest monopolies, why HR managers don't see a productive role for labor unions in their workplaces, and why union leaders are skeptical that markets and HR policies always look out for workers' interests.

If desired, you can also reinforce the power of these schools of thought by showing how they provide important frames of reference for not only evaluating labor unions, but also HRM practices as summarized in the following table which parallels Table 2.2 in the text:

Views of Human Resource Management Practices

Model of the Employment Relationship	Human Resource Management Practices Are…
Egoist	Of secondary importance because they are administrative or institutional mechanisms for implementing implicit contracts, incentives, and other manifestations of self-interested economic actors interacting in competitive labor markets.
Unitarist	Essential because they are the key method for creating productive employment relationships by aligning the interests of employees and employers.
Pluralist	Useful for aligning those employee-employer interests that are shared, but insufficient for balancing competing interests because of problems of unilateral employer authority and power.
Critical	Manipulative managerial tools for shaping the ideology and structure of the workplace to strengthen capital's control and power over labor.

Source: John W. Budd and Devasheesh Bhave (2010) "The Employment Relationship," in Adrian Wilkinson, Tom Redman, Scott Snell, and Nicolas Bacon, eds., *Sage Handbook of Human Resource Management* (London: Sage), pp. 51-70.

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The last two sections of chapter 2 can be covered more quickly. To evaluate the effects of unions, you can use slides that summarize the varying effects of labor unions. Then, the subsection on the labor movement is a reminder to students that unions have diverse roles in society, even though this book focuses primarily on their workplace roles. **For both of these topics, reinforce the importance of the four frames of reference for how we evaluate what unions do.** A powerful example is the contrast between the common critique of excessive union wages (rooted in the free market beliefs of mainstream economics), and the aim of U.S. labor law to help workers unionize in order to *increase* their wages (rooted in an IR vision of unequal bargaining power). In the optional Digging Deeper section, students with a basic understanding of economics can be shown how the varying effects of unions relate to Freeman and Medoff's two economic faces of unions. But this material is not essential.

Understanding the four schools of thought, and the implications for alternative perspectives on labor unions and labor law, is a major foundation of this book. I have found that this really deepens their understanding of the key concepts, practices, and debates. So I believe it's important not only to create that foundation in this part of the course, but also to re-introduce it throughout the course. For example, the evolution of U.S. labor law (chapter 4) reflects shifts in the dominant school of thought. Alternative perspectives on how to deal with globalization (chapter 11) are rooted in different schools of thought. And future directions for labor relations (chapter 13) are also shaped by one's school of thought.

Lecture Outline

Learning Objectives:

1. Explain the four distinct schools of thought about the employment relationship—mainstream economics, human resource management, industrial relations, and critical or Marxist industrial relations.
2. Understand how different views of labor unions are fundamentally rooted in the basic assumptions of these four schools of thought.
3. Discuss various roles of labor unions in the employment relationship and in society.
4. Identify alternative methods for making workplace rules.
5. Compare employee representation through labor unions to other methods of workplace governance.

The mainstream media in the United States—that is, the major TV networks and newspapers that are themselves corporations concerned with making profits—reinforce important stereotypes of

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labor unions. In general terms, the media report on issues from a consumer rather than worker perspective while emphasizing the accomplishments of business leaders and entrepreneurs.

It is important for students of labor relations to recognize their own stereotypes of labor unions and to replace them with an informed understanding of the central issues in labor relations, and to appreciate multiple perspectives on labor relations and labor unions.

I. The Labor Problem

A. Today's critical issues in human resources and industrial relations include the following:
   1. Growing labor market disparities
   2. Problems of low-wage workers trying to move out of poverty and support families
   3. Corporate pressures for cost control, quality, and flexibility to compete in a global, information-rich economy
   4. The need to educate individuals as lifelong learners because of ever-changing technologies
   5. Problems of work–life balance, especially for working mothers

B. The critical human resources and industrial relations issue in the early 1900s was the labor problem: undesirable outcomes that stem from an inequitable and contentious, or perhaps even oppressive and exploitative, employment relationship.

C. Important dimensions of the labor problem include:
   1. Long working hours
   2. Low wages
   3. Poor living conditions
   4. Unsafe and unsanitary conditions in the workplace
   5. Insecurity

D. The important dimensions of the labor problem were reinforced by the managerial mind-set of "workers as machines."

E. Labor was frequently viewed as just another production input—no different from

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machines or raw materials.

F. With mass manufacturing methods emphasizing repetitive, narrowly defined tasks by individual workers to achieve high output, workers had no contact with the final product and minimal control over the content of their jobs.

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

1. The societal or human perspective—people should have better lives. This is partly an economic issue, that is, workers should be able to afford decent housing, clothing, food, and the like; in other words, equity is important.

2. The business perspective—are the workers motivated? Loyal? Productive? Absenteeism and turnover were costly.

H. Strikes and other forms of industrial conflict that resulted from the labor problem in both the private and public sectors were costly to business and to society more generally.

II. Four Schools of Thought about the Employment Relationship

A. The Mainstream Economics School.

1. The **mainstream economics school** of thought focuses on the economic activity of self-interested agents, such as firms and workers, who interact in competitive markets.

2. Efficiency, equity, and voice are achieved through free-market competition.

3. Under some assumptions (such as perfect information), competition results in the optimal allocation and pricing of resources.

4. Prices in a competitive market reflect the value of what's being purchased, so outcomes are efficient.

5. Voice is expressed through freely participating or abstaining from transactions.

6. The conditions of the labor problem are not seen as exploitation if there is sufficient labor market competition.

7. Employees are paid their economic value and are free to quit if they feel they are being exploited.

8. Competition should be ensured if market failures prevent competitive markets from working properly.

9. The best protection an employee has against his or her current employer is not

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the government, a lawyer, or a union, but rather other employers.

10. As long as there is competition, employment outcomes are not seen as a "problem" (with its negative connotations).

11. Outcomes are value-free, so there may be a labor situation (which simply describes the outcomes) but not a labor problem (which implies that the outcomes are undesirable).

12. Unions are seen as labor market monopolies that restrict the supply of labor and interfere with the invisible hand of free-market competition.

13. The economics view of work is that it is a lousy activity endured only to earn money.

14. The role of government is not to establish labor standards but only to promote competition.

15. The role of law is to protect individual freedoms that are necessary for competition.

B. The Human Resource Management School.

1. The **human resource management school**, which was formerly called the personnel management school, believes that the labor problem stems from poor management.

2. This school of thought presents a different underlying cause of the labor problem: poor management.

3. The resulting solution to the labor problem is better management.

4. The interests of workers and the firm need to be aligned via better management.

5. To create motivated and efficient workers, firms should design and implement better supervisory methods, selection procedures, training methods, compensation systems, and evaluation and promotion mechanisms.

6. If workers want justice, security, respect, and opportunities for advancement, then firms should design human resource management policies that are responsive to these needs to create motivated and efficient employees.

7. Voice is typically informal, such as in open-door resolution procedures in which workers individually discuss complaints with their managers.

8. To consider the role of unions in the human resource management school of

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thought, it is important to distinguish independent labor unions from nonindependent employee organizations:

- Independent labor unions—are legally and functionally independent of employers and governments and have the power to elect their own leaders, collect and spend their own dues money, establish their organizational objectives and strategies, and lead strikes.

- Nonindependent employee organizations— lack such authority as enjoyed by independent labor unions and are controlled by employers (like the company unions in the United States in the 1920s) or by governments (as traditionally is the case for unions in China).

9. In the human resource management school, unions are considered a sign of unhealthy human resource practices and so a healthy company shouldn't have one.

10. Human resource professionals have greater influence in companies when there is a threat of unionization, but an important objective is often to keep unions out.

11. Critics see human resource management as nothing more than a sophisticated (albeit gentle) antiunion device.

12. Independent unions are seen as unnecessary "third parties" that prevent employers and employees from getting "closer together."

13. "Company unions" or "nonunion representation plans" were created by the companies in order to meet and confer with worker representatives; but there were no bargaining, and the representation plans had no authority outside management.

C. The Industrial Relations School.

1. The **industrial relations school**, formerly called the institutional labor economics school, believes that labor problems stem from unequal bargaining power between corporations and individual workers.

2. Institutional labor economists saw the following market imperfections:

- Persistent unemployment

- Company towns dominated by a single employer

- Lack of worker savings and other safety nets

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- Large, monopolistic employers with undue influence in markets, politics, and the legal system

3. With greater bargaining power, employers can pay low wages for working long hours under dangerous working conditions. This greater bargaining power allows managers to be autocratic and authoritarian.

4. When there is a balance of power between labor and management, there is an abundant harvest for both to share.

5. The industrial relations school believes that, if the labor problem stems from unequal bargaining power, the solution is to increase workers' bargaining power by forming independent labor unions and pursuing collective bargaining.

D. The Critical Industrial Relations School.

1. The critical industrial relations school, traditionally labeled "Marxist industrial relations," and also referred to as a radical perspective, emphasizes that capitalist institutions do not simply exist but are created by society (such as through laws governing market transactions or business incorporation, and through social norms governing acceptable behaviors).

2. This school focuses on how dominant groups design and control institutions to serve their own interests, albeit imperfectly due to resistance from competing groups.

3. Initiatives that appear to benefit workers can be seen as reflecting class interests.

4. A labor law that legally protects workers who try to unionize is seen as an attempt to mollify the working class and prevent it from agitating for deeper changes in the capitalist system.

5. Within their own organizations, employers are seen as structuring the organization of work and human resource management practices to serve their interests at the expense of labor.

6. The division of labor is viewed as a strategy to make labor easily replaceable and therefore weak.

7. Some of the strategies to prevent workers from unionizing include the following:

- Fair treatment through progressive human resources policies
- The perception of input through nonunion voice mechanisms

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- The creation of pro-company attitudes through the development of distinctive corporate cultures

8. The cause of the labor problem is believed to be the control of society's institutions and the means of production by specific groups or classes.

9. The solution to the labor problem is a significant restructuring of the nature of capitalism—such as replacing capitalism with socialism.

10. Labor unions can be important in critical industrial relations.

11. Strong, militant unions can aid workers' struggles with capitalism by mobilizing and raising the consciousness of the working class and fighting for improved compensation, better working conditions, and greater control over workplace decision making.

E. The Fundamental Assumptions of Human Resources and Industrial Relations.

1. Low wages for long hours of dangerous work under autocratic supervision and periods of insecurity can be traced to four possible underlying causes:

   - Market failures
   - Poor management
   - Unequal bargaining power between employers and individual employees
   - The domination of labor by the capitalist class.

2. In turn, these lead to four different views of labor unions (Table 2.2).

3. Underlying these views are three fundamental assumptions about how markets work and the nature of employment:

   - Is labor just a commodity?
   - Are employers and employees equals in competitive labor markets?
   - What is the nature of conflict between employers and employees?

4. Each of the four schools of thought answers these questions differently.

5. What is the nature of labor? Mainstream economics views the purpose of the economic system as consumption. Labor is just another commodity or machine in the production process. The other three schools (human resource management, industrial relations, and critical industrial relations) reject the belief that labor is

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just a commodity and instead see labor as human beings with aspirations, feelings, and rights. Work fulfills important psychological and social needs and provides more than extrinsic, monetary rewards that support consumerism.

6. Are employers and employees equal in the labor market and the legal arena? The assertion that employers and employees are equal is equivalent to believing that the fundamental assumptions of mainstream economics, such as perfect information and no transaction costs, are fulfilled. The other schools of thought, however, assert that employers and employees are not equals, either in the labor market or in the legal arena.

7. What is the nature of conflict between employers and employees? Three different answers distinguish the human resource management, industrial relations, and critical industrial relations schools of thought—and are therefore important. The human resource management school has a **unitarist view** of employment relationship conflict. Conflict is not seen as an inherent or a permanent feature of the employment relationship; conflict is seen as a manifestation of poor human resource management policies or interpersonal clashes such as personality conflicts. In contrast, the industrial relations school sees the workplace as characterized by multiple interests—that is, a plurality of legitimate interests akin to a pluralist political system—so this school embraces a **pluralist view** of conflict in the employment relationship. Believers in pluralist workplace conflict see government laws and labor unions as balancing conflict—striking a balance among efficiency, equity, and voice. The critical industrial relations school believes in an inherent conflict between employers and employees, but it is significantly broader than the limited economic conflict in the pluralist view. Conflict is not limited to higher wages or better benefits; it is a social conflict of unequal power relations or **class conflict.**

8. The power of these alternative perspectives on the true nature of the employment relationship is that they yield different visions of the practice of human resource management, diversity initiatives, public policies on work, and of particular importance here, employee voice mechanisms. Employee voice is an important component of many contemporary human resource strategies; and with a unitarist view of conflict, workplace voice can successfully be provided through policies that encourage individual voice or through a nonunion employee representation plan.

9. In contrast, if employment relationship conflict is in fact pluralist (the industrial relations belief in the existence of some inherent conflicts of interest), it follows that industrial democracy can be achieved only by traditional labor unions that

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are independent of management. Only independent unions can fight for the protection necessary for industrial democracy such as free speech and due process protections.

III. The Continued Relevance of the Labor Problem

A. Workplace Governance.

1. All workplaces need rules. In addition to standard rules of behavior and performance, these rules also include compensation, benefits, policies, and procedures.

2. **Workplace governance** determines the nature of the balance that is struck among efficiency, equity, and voice. And though it is called workplace governance because of the focuses on how workplace rules are determined, the ramifications are much broader and determine the quality of life for retirees, spouses, dependents, and communities.

3. Analyzing workplace governance is particularly instructive for understanding labor relations because it provides the context for evaluating whether unions are good or bad.

   - Unions are assumed good if they achieve a better balance among efficiency, equity, and voice than do alternative mechanisms.
   - Unions are assumed bad if alternative mechanisms strike a better balance.

4. The five major possibilities for creating workplace rules or for governing the workplace are as follows:

   - Competitive labor markets
   - Human resource management
   - Worker control
   - Bargaining with independent employee representatives (labor unions)
   - Statutory government regulation.

5. Laissez faire reliance on competitive labor markets includes two central critical features:

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- Mainstream economic theories
- Common-law legal rules that protect individual liberties to enter contracts

6. Workplace rules—broadly defined to include implicit and explicit rules governing compensation, benefits, working conditions, and performance standards—result from self-interested individuals interacting in competitive markets.

7. In the human resource management model of workplace governance, managers establish employment conditions. They are perhaps constrained to a range of alternatives established by the marketplace, but within this range managers choose specific terms and conditions of employment.

8. One possibility for governing the workplace is to replace the unilateral authority of the human resource management or worker control models with a system of shared, bilateral authority in which employee voice is independent of managerial authority. The major example of this shared control mechanism is collective bargaining.

9. Workplace rules can be set by government regulation. Major U.S. examples of governing the workplace include the Fair Labor Standards Act (to establish a minimum wage and maximum work hours), Title VII of the Civil Rights Act (to provide equal opportunity), and the Occupational Safety and Health Act (to establish minimum safety standards).

10. If one believes that the employment relationship is characterized by unequal bargaining power as in the industrial relations school, there are two important governance mechanisms for balancing the goals of employers and employees:

    - Statutory government regulation—try to establish labor standards, but it does not involve employee voice.
    - Labor unions—try to counter corporate bargaining power and also provide voice that is independent of managerial authority.

B. Solving Labor Problems.

1. U.S. political and legal thought during the 1800s and early 1900s was dominated by laissez faire views consistent with the mainstream economics school, especially the supremacy of the freedom to enter any type of economic relationship—including employment—without government or union interference.

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2. Collective bargaining was an important model of workplace governance in the postwar period, but in the latter part of the 20th century, the nonunion human resource management model came to dominate.

3. This transformation resulted from the growth of nonunion companies and from heavily unionized companies becoming less unionized by the construction of new nonunion plants in the southern United States.

4. With little threat of unionization or new employment laws in the United States, finance has trumped human resources in many organizations.

5. Despite the rise of the nonunion human resource management model and the reemergence of the free-market model, the U.S. labor relations is founded on the beliefs of the industrial relations school in the context of the early 20th-century labor problem.

6. All four schools of thought continue to have great practical relevance:

   - The laissez faire emphasis of mainstream economics dominates national and international policy debates under the guise of the neoliberal market ideology
   - Today's corporate human resource policies are rooted in the principles of the human resource management school of thought
   - The critical model underlies the movement to revitalize unions by transforming them into aggressive champions of the working class

7. Although some details may have changed, the United States and every other developed and developing country in the 21st century continue to struggle with the modern equivalent of the labor problem.

8. All three dimensions of efficiency, equity, and voice are relevant to today's employment relationships.

IV. What do U.S. Unions do?

A. The evaluation of labor unions fundamentally depends on the following:
   1. The nature of work,
   2. How labor markets operate
   3. The nature of employment relationship conflict

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4. The importance of employee voice

B. In mainstream economics unions are harmful because they are monopolies that impair economic efficiency. Unions may exist, but they are bad. The preferred method of workplace governance is reliance on competitive markets.

C. In the human resource management school, unions are an indication that management is not successfully creating motivated and efficient workers via firm-created human resource management policies. Unions may exist, but they are unnecessary.

D. In critical industrial relations thought, unions are either management tools of worker suppression or worker tools of power and revolution, though neither of these are mainstream U.S. beliefs. The desired mechanisms for governing the workplace are worker control or socialism.

E. Within the intellectual framework of the industrial relations school, unions are a critical part of the solution to the labor problem because collective, not individual, bargaining is needed to match corporate bargaining power and because independent employee voice is important in a democratic society. The preferred method of workplace governance is a combination of government standards and labor union representation. One important method for answering the question of whether unions are good or bad is conceptual.

F. Evaluating the Effects of Unionism.

1. The research on the effects of unions on U.S. workers and workplaces is summarized in Table 2.4.

2. Unionized workers in the United States are generally estimated to have wages approximately 15 percent higher than comparable nonunion workers. This is called the **union wage premium**.

3. Unions can be hypothesized to lower productivity by using their power to negotiate restrictive work rules and by introducing time-consuming decision-making procedures. On the other hand, unions can potentially enhance productivity in several ways.

4. The research evidence supports the presence of a **shock effect**: The presence of a union shocks managers out of complacency and forces them to develop better managerial practices and policies that improve workplace efficiency, including more formal human resource policies such as training programs, and objective rather than subjective selection tests.

5. Union voice gives workers an alternative to quitting when they are dissatisfied with a job, and research finds that unionized workers are in fact less likely to quit

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than similar nonunion workers.

6. Labor unions can also provide a sense of community in the workplace and counter some negative psychological effects of the lack of ownership in one's work.

7. Unions can also enhance a democratic society by promoting workplace interactions among workers from diverse backgrounds.

G. Theories of the Labor Movement.

1. A **labor movement** is a social movement in which workers and unions from multiple workplaces join together to pursue common interests, most frequently in the political and social arenas.

2. The labor movement provides a voice for workers in the political arena; whereas labor unions, or their associated political action committees, endorse candidates for political offices, mobilize get-out-the-vote efforts, campaign on behalf of candidates, and lobby and make donations to lawmakers.

3. From the perspective of mainstream economics in which labor unions are labor market monopolies, a labor movement's political activities are also seen as the use of power to benefit unionized workers at the expense of others.

4. The critical industrial relations model sees labor movements that are active in the political and social arenas as vital for countering the dominant power of employers.

5. From the perspective of the industrial relations school of thought, a democratic society is seen as a pluralist society in which numerous groups have common and conflicting interests—corporations, consumers, farmers, workers, home owners, and the like. From a pluralist perspective then, the labor movement makes important contributions in the political and civil arenas in contemporary democratic societies; and the relationship between a vibrant, independent labor movement and a healthy, balanced democratic society must be remembered when evaluating labor unions.

6. The intellectual foundations of the U.S. system of labor relations come from the industrial relations school of thought.

Active Learning Ideas

1. The chapter 2 PowerPoint slides include the four pieces of line art representing each school

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of thought. As an alternative to integrating these into the lecture, lecture on the four schools without referring to the pieces of line art. Then make photocopies and distribute the four pictures, and (in pairs) have students try to match the pictures with each school of thought. Do not let them use their textbooks. Discuss and de-brief. Note: the four pieces of line art without any identifying information appear at the end of the chapter 2 PowerPoint slide for use in this exercise. The description of each picture in the text provides the details needed to make the connections between each picture and the school of thought.

2. Have students list the four schools of thought along with the basic cause of the labor problem and solution to the labor problem for each. Alternatively, have them construct a "defining features matrix":

Directions: Place a check mark or a "Y" next to the features that typically characterize each school of thought and an X next to features that are not characteristics.		
Defining Features	IR School	HR School
Markets are important, but not completely deterministic	Y	Y
Workers are seen as having rights in a democratic society	Y	X
{student should add more dimensions here}		

3. Assign small groups of students a specific nonunion business situation (e.g., a hotel, auto assembly line, insurance company sales force, etc.) and ask them to discuss the issues raised in the HR Strategy box on employee voice. Then have the small groups report their ideas to the class.

4. Consumers almost unanimously agree that they should be able to keep their phone number if they switch phone companies. Before November 2003, however, individuals who switched wireless carriers had to get a new cell phone number. Only with government-mandated "local number portability" rules that became effective in November 2003 were consumers able to keep their cell phone number when changing carriers within the same local area. Have students discuss the following: Without government regulations, why do you think consumers were unable to obtain local number portability? Hint: Apply the different schools of thought described in this chapter. Besides government regulation, what are some alternatives for obtaining local number portability?
   Suggestive Answer:
   Mainstream economics: market is competitive, but consumers unwilling to pay for the extra cost of portability; alternatively, there is a market failure because this requires coordination across a number of competing companies

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HRM: companies are ignorant and don't understand that they could attract more consumers by offering portability
Pluralist IR: imbalance of power between individual consumers and large wireless companies
Alternatives besides government regulation:
Mainstream economics: industry association to internalize the coordination problem
HRM: educate companies as to better ways of managing their business
Pluralist IR: help consumers join together to collectively pressure the companies to change

Reflection Questions

1. **Mother Jones, a colorful figure in U.S. labor history who will be introduced in chapter 3, said in 1913, "The world is suffering, today, from an industrial yellow fever, not less fatal, but I am certain, as preventable." Yellow fever was caused by mosquitoes, so Mother Jones continued, "Search for the mosquito! That ought to be a slogan with investigators on both sides of the labor question." What is the mosquito that causes the labor problem in each of the four schools of thought?**
   The following are the causes of labor problem in each of the four schools of thought:
   - Mainstream economics—the disruption of competition by unions or the government
   - Human resource management—poor management
   - Industrial relations—inequality of bargaining power between corporations and individual workers
   - Critical industrial relations—control of both society's institutions and the means of production by the capitalist class

2. **How are the major premises of the mainstream economics and industrial relations schools consistent with Figure 2.2? How would you change the label on the gun to make this into a mainstream economics drawing? An industrial relations drawing?**
   In both the mainstream economics and industrial relations schools, everyone benefits from cooperation. Sharing the bounty of the turkey is therefore consistent with these schools in addition to the human resource management school. In mainstream economics, the gun should say "competition"; and for industrial relations, "equal bargaining power."

3. **Review Figure 2.3. Sketch a similar diagram to capture the range of outcomes possible within the human resource management school (*Hint:* Use a pendulum but not necessarily a power struggle between labor and management).**
   Students' answers will vary. However, one possible idea for the diagram would be a pendulum that goes from conflict and distrust at one end to harmony and productivity at the other. Ineffective policies that fail to align the interests of workers and employers fall at the

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one end of the spectrum, effective policies that produce alignment are at the other.

4. **Think of jobs you or someone you know has had. What was undesirable about these jobs? Was the pay too low? Hours too long? Were you treated poorly? Which of the four schools of thought best explains the causes of these undesirable aspects? What would you try to do to redress these undesirable features?**
   Students' answers will vary.

5. **How should the workplace be governed? Why?**
   Students' answers will vary. The discussion should include rules related to the workplace, standard rules of behavior and performance, compensation and benefits, policies and procedures. The answer should also provide examples of written and unwritten rules and the focus of workplace governance. Finally, students should include the five major possibilities for creating workplace rules (governing the workplace): competitive labor markets, human resource management, worker control, bargaining with independent employee representatives (labor unions), and statutory government regulation.

Suggested Class Discussion or Short Essay Topics

1 Give a definition of "laissez faire" economics (an economic doctrine that opposes government regulation of or interference in commerce.) Why do you think this was the dominant political and legal view in the 1800s and early 1900s?

2. Workers in many occupations want a stronger voice in the workplace and there is increasing recognition that this is a fundamental human right. Do you believe that voice in the workplace is a fundamental human right? Why or why not?

3. Theory X, the traditional control model, assumes that people dislike work and have little ambition. Theory Y assumes that, under the right conditions, individuals can derive satisfaction from work and will ambitiously pursue various goals if they are committed to them. Which theory do you agree with? Give several reasons why you agree. Give several reasons why you disagree with the opposing theory.

Internet Exploration

See the text for two internet exploration exercises.

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