An Empirical Investigation of Collective Bargaining Theories

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period and especially after World War II. For it was actually only after the War that organized labor was firmly entrenched in the mass production industries, as well as in the trades, and able to exercise its full rights in a free capitalistic society.

The importance of this field in our industrialized society, and the intense need for more knowledge about it, could not be more amply illustrated than by the turmoil that existed between labor and management in 1945 and 1946. This was a time in which strikes and wildcat strikes were an everyday occurrence and timely agreements somewhat rare.

The theorizing and research that began in this period focused mainly on the local union-management relationship, the reasons for which are best expressed by Derber, et al:

"... a substantial majority of collective bargaining agreements in the United States are negotiated by local unions and local plant managements. ... Attention to the local relationship has also been stimulated by the strong emphasis on 'human relations' in industry. ... But most of all, this interest has resulted from the widespread belief that 'good' or 'constructive' or 'harmonious' relations at the plant level are important to the survival and growth of a productive, democratic society." 

The study of the local union-management relationship has generally taken two courses. Practitioners within the field have stressed the uniqueness of the local relationship and have thus valued the study of the union-management relationship "as a study of 'cases', a source of possible 'insights' and suggestions in the exercise of a practical art."² On the other hand, academicians value the field of study "as a basis for discovering uniformities and making comparisons among categories."³ For the academicians, the objective has been the formation of an "organized body of knowledge with a theoretical framework and generalizable conclusions."⁴

Most of the writing and research on the local union-management relationship has been concerned with defining the conditions necessary for, or conducive to, industrial peace. However, before this topic could be developed, certain definitions had to be set forth which would cover a majority of the many different situations. This alone turned out to be a difficult task. For example,

²Ibid., p. 2.
³Ibid.
⁴Ibid.
how does one define industrial peace? The National Planning Association Committee defines industrial peace as:

"The product of the relationship between two organized groups - industrial management and organized labor - in which both coexist, with each retaining its institutional sovereignty, working together in reasonable harmony in a climate of mutual trust and confidence."

Lester and Robie attempted to get union and management to agree on a criteria for industrial peace. While the parties did offer a number of tests, they could not come to such an agreement. The authors did, however, extend this proposal:

"Certainly one of the tests of successful labor relations is the ability of the parties to resolve serious issues and conflicts of interest without resort to economic warfare."

One common thread that runs through almost all definitions, however, is the reference, either directly or indirectly, to the sanctions resorted to in the case of disagreement. In today's industrial relations, this would refer almost exclusively to disagreement in contract negotiations, since arbitration has become a highly formalized procedure for settling disputes between contract

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6 Richard A. Lester and Edward A. Robie, Constructive Labor Relations: Experience in Four Firms, Industrial Relations Section, Princeton University, 1948.
negotiations. The fact that such sanctions have been stressed in defining industrial peace is not so surprising when one considers the effect these measures may have beyond the local relationship and the coverage given them by the national mass news media.

There have been four general approaches used in the study of local union-management relationships to analyze or predict their outcome, i.e., timely settlement or work stoppage. The most popular approach has been concerned with isolating factors which are pertinent to the achievement of a harmonious relationship. The second has been what could be called a typological approach, that is, relationships are categorized in terms of the characteristics of that relationship. The third approach has focused on examining the dynamics of the collective bargaining process itself. The fourth, and most general, approach examines the local union-management relationship in terms of its relationship to and development in a larger system.

The purpose behind the factor approach to the study of the local union-management relationship has been two-fold. First, researchers have tried to uncover those variables determining a particular type of relationship. For example, Walton and McKersie view an existing relationship as a result of:

"(1) the technological market and power context of the parties, (2) the basic personality dispositions of key individuals in the relationship, (3) the social belief systems of these individuals,
usually shared in some degree by their respective organizations, and (4) the actual bargaining experience that they have shared."

Given a certain type of relationship, the second purpose underlying the use of the factor approach has been to isolate factors relevant to the conflict-free settlement of disputes or disagreements. Some of the following are illustrative of such factors: past administration of the contract, poor usage of bargaining techniques, misevaluation of importance of issues, pressure of pattern settlements, community atmosphere, etc.

The typological approach to the study of the local union-management relationship has also been attempted. In some cases a typology of relationships has simply been an outgrowth of some other approach and, in other cases, it has been an approach followed for its own merits. Quite simply, this approach involves characterizing a number of relationships along a continuum ranging from "collusion" to "conflict" in order to better understand the dynamics of these relationships and the manner in which the parties interact to settle the issues and problems before them.

The typology of union-management relationships formulated by Derber, et al, was developed from a study of forty-one individual union-management relationships.

As a result of examining these relationships, the authors came up with five major types of relationships which they characterized as: "aggression and resistance", "quiescence", "moderate joint participation", "repressed hostility", and "extensive joint participation".

The purpose of examining the dynamics of the collective bargaining process, the third possible approach, is primarily to illuminate all the factors involved so that through a better understanding many of the pitfalls inherent to negotiations can be avoided. Specifically, writings on the collective bargaining process have focused on bargaining techniques, tactics, pressures (both internal and external) on the parties, communications, etc. The approach has either been to treat each facet individually and elaborate on its role in the bargaining process, or to set up a bargaining model and treat all of the facets of bargaining within this model.

Of the many bargaining models that have been proposed, the model developed by Walton and McKersie is perhaps one of the most comprehensive and reflective of the actual process. Walton and McKersie begin with the premise that the collective bargaining process is composed of four distinguishable subprocesses, all of which are interrelated in labor relations. They term these subprocesses "distributive bargaining", "integrative bargaining", "attitudinal structuring" and "intra-organizational bargaining".
While the authors' discussion of each facet of the collective bargaining process is quite comprehensive, their most significant accomplishment is the manner in which they were able to tie in the results of other approaches, i.e., the factor approach and the typological approach, to their description of the dynamics of the bargaining process. Factors relevant to the bargaining relationship and the conduct of negotiations, as well as a development of a typology of relationships and the implications of these points to the bargaining process were discussed under attitudinal structuring and intra-organizational bargaining.

The last approach to an understanding of the union-management relationship and industrial relations in general is that of a description of the local relationship in terms of its development in and relationship to a larger system. While this approach has not found many adherents, it is mentioned mainly because of the contribution of John T. Dunlop.

In Dunlop's book, Industrial Relations Systems, an attempt is made to answer the following questions: (1) how is the industrial relations system related to the society as a whole; (2) how is the industrial relations system related to the economic system; and (3) what are the characteristics of the inner structure and the industrial relations subsystem itself.⁹

Dunlop goes about answering these questions by first enumerating the relevant parties (which he calls "actors") in the industrial relations system. He states the following three actors are found within such a system:

"1. A hierarchy of managers and their representatives in supervision
2. A hierarchy of workers (nonmanagerial) and any spokesman, and
3. Specialized governmental agencies (and specialized private agencies created by the first two actors) concerned with workers, enterprises, and their relationships."\(^\text{10}\)

There are three important aspects of the environment which Dunlop sees as affecting the interaction of the actors:

"(1) the technological characteristics of the work place and work community, (2) the market or budgetary constraints which impinge on the actors, and (3) the locus and distribution of power in the larger society."\(^\text{11}\)

Dunlop concludes that the rules which are established to guide the relationship depend on the state of the society, the state of the industrial relations system within the society, the power structure of the actors in the system, and the relevance of one of the aspects in the environment in which the industrial relations system is developing.

It is useful to note that the methodology used in most studies within each approach has been limited to the examination of samples of union-management relationships

\(^\text{10}\) Ibid., p. 7.
\(^\text{11}\) Ibid., p. 9.
within a very limited time span. These relationships and their characteristics would then be compared to find patterns or consistencies on why certain relationships develop, what factors within the various relationships are important to industrial peace, what are the characteristics of the bargaining process within each relationship, etc. There is a very practical reason for the preference of this method over that of gathering data by examining the local relationships over much longer periods of time, and that is the difficulty of collecting data, and the time involved.

With this background on the general orientation of the literature and a very brief review of the methodology used, it is now possible to develop the subject matter of this thesis. As stated earlier, because of the importance attached to work stoppages as a reflection of industrial peace, this one measure of the success of union-management relations would be the principle topic of this thesis. More specifically, in contrast to the methodology widely used, a local union-management relationship will be examined from its inception, over a seventeen year period, for the purpose of determining the following:

1. What factors were relevant to the outcome, i.e., work stoppage or timely settlement of the negotiations?
2. Did the factors maintain the same relative position of importance from one negotiation to another?
3. Did the character of the union-management relationship change over time; and if so, did the changes
occur within the continuum developed by Derber, et al, and was there a relationship between that change and a change in factors relevant to the outcome of the negotiations?

In addition, a general review of the data will be made as it reflects on the collective bargaining model of Walton and McKersie. Specifically, the individual negotiations will be examined with a view toward validating the authors' distributive and integrative bargaining models.
CHAPTER I

While the major approaches to the study of collective bargaining were briefly reviewed in the Introduction, a more detailed analysis of the literature under consideration is necessary. Such an examination will set forth the theoretical framework for considering the data to be discussed in Chapter III.

Perhaps the most appropriate place to begin an examination of collective bargaining is to look at what the parties involved, i.e., management, union, and worker, hope to achieve from this process. Stated somewhat differently, what function does this process play in the industrial organization for the parties involved. In discussing this point, it is also necessary to examine the motivations of the parties since there is a relationship between motivation and the function served by the process.

In past years, and to some extent even to the present, authorities in the field thought that workers were primarily money motivated. For example, a study by K. M. Thompson on what union members want concluded that:

"Wages are the prime element influencing employee satisfaction in unionized industry. He says that psychological rewards,
no matter how desirable, cannot serve as substitutes for collective wage agreements." 12

This philosophy of human motivation, however, has been largely discounted by present day psychologists and managers alike. As Ross Stagner states:

"A second common error in the field of the psychology of motivation as applied to industry may be called the 'dollar fallacy'. According to this view . . . workers . . . are motivated only by what is in the pay envelope." 13

and:

". . . wages are not the most important motivator for persons in industry . . . ego motivation rather than economic motivation is predominant." 14

Perhaps a more widely accepted theory of human motivation in today's world is that espoused by Maslow. Maslow sees man's behavior as being dictated by a hierarchy of needs: physiological needs, safety needs, need for love and acceptance, ego needs, and the need for self-actualization.


Simply stated, at any point in time, the prime motivator depends on the need level on which the organism is operating. Thus, if man has fulfilled his basic needs of nourishment, shelter, etc., he will be motivated by those things which offer security to him and the things he has already achieved.

The implications of Maslow's theory of motivation in collective bargaining are simply this: depending on the need level on which the workers are operating, those factors which offer to fulfill that need will be at the top of their list of demands. Expressing this differently, we could say that basically the purpose of collective bargaining for the worker is to achieve the fulfillment of his most basic unsatisfied needs.

The general consensus as reflected by the following writers since World War II in this field seems to be that, for the most part, workers have progressed beyond the point of just meeting the physiological needs of adequate food, shelter and clothing and to a large degree the safety needs of economic and psychological security. They point to other areas as having greater motivational value. J. D. Houser states:

"What the worker wants is a minimum essential of life, and the word is consideration--regard for his simple dignity as a man. It is the least he can ask."  

Heckman and Huneryager point out that "workers want more of whatever is needed to maintain status at the time."\(^{16}\)

In discussing reasons workers strike, Marrow points to a motive that appears to be a search for self-actualization:

"It is the discontent of workers who want something different out of life, different for themselves and for their own kids. The additional money they demand is a symbol. It is not a demand for more of the same thing, but a demand not consciously defined, for something different."\(^{17}\)

Dunnette and Kirchner state:

"Wages do play an important role in collective bargaining and usually are a primary issue in negotiations. At the same time, however, demands for increased wages may often reflect a demand for status, prestige, and recognition instead of dollar and cents per se."\(^{18}\)

Based on the preceding, it is reasonable to conclude that today's worker is motivated by psychological and monetary rewards to the extent that they enhance his status within the groups with which he associates and fulfills his need for ego satisfaction.

Having thus identified what the worker seeks to achieve from the collective bargaining process, an analysis can now be made of the union's interest in this process.

\(^{16}\)Ibid., p. 162.


\(^{18}\)Dunnette and Kirchner, *op. cit.*, p. 201.
Describing the function of collective bargaining for unions is not so difficult as that for the worker, since in theory the union strives to obtain those things which will fulfill the workers' needs. R. Dubin, in discussing the basis of union decisions in collective bargaining, stated this same proposition in these words:

"It does seem clear that union officials proposing to remain in elective office for any period of time will develop the habit of declaring that their decisions are in the interest of 'the body'." 19

Unions also find the collective bargaining process as a useful means of obtaining other objectives which may or may not be in the interest of the workers they represent. These objectives may include: (1) preserving and enhancing the union itself; (2) preserving the existing union leadership; and (3) impressing the company with its base of power.

It should be noted that at any particular time the function of the collective bargaining process for the union may vary according to which of the aforementioned objectives predominate. The predominance of any one or more objectives depends upon the existing circumstances. For example, a union operating under the threat of an organizational raid will see the collective bargaining process as a means of solidifying its position as much as a means of meeting the needs of the workers.

The function of collective bargaining for management is very basically that of prescribing those labor-management policies which are perceived as conducive to efficient operations and consistent with overall corporate policies and goals. Such labor-management policies can be discussed in terms of those related to the parties' contractual obligations, and of those related to the union-management relationship.

Within the category of policies relating to the parties' contractual obligations, there are three primary goals that management attempts to gain in collective bargaining. The first of these goals concerns the economic settlement and is quite aptly expressed by Beal and Wickersham:

"The employer's economic interest is best served by that combination of wages, hours, and working conditions which results in the lowest possible total unit costs of production."  

The second basic goal management seeks to achieve is one of at least maintaining the existing distribution of power, i.e., control over and responsibility for elements of the operation. Maximum control of the operation is valued by management for the flexibility it offers in making rapid and possible sweeping changes in adapting to changing market conditions. Dubin discusses collective bargaining as a power structure in which the parties vie for what is regarded

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as an important and necessary share. He states that:

"Distribution of power in power structures seldom remain stable. Some person or group is generally striving to control more important functions, or control their present one more exclusively. This is resisted by present power holders, who must give up some power if the strivers are successful."

The third primary goal management hopes to obtain out of negotiations is a settlement which will allow the company to run in an orderly manner. Dubin sees three characteristics of management's concept of order:

"... (A) continuity with its past, (B) controlled amount and direction of change in the present, and (C) predictability in the future." 22

This concept of order could be illustrated by a contract that does not deeply alter basic procedures, methods of operation, wage structure and/or policy, etc., and does not allow strikeable issues during the term of the contract. That is to say, a philosophy of anti-unionism could be tempered at a time when a strike would be especially harmful to other aspects of the business. Bevars Mabry sees the following relationship in the determination of management's approach to labor relations:

"The approach to labor relations by management depends in part on the ideological value structure of management and its view of the union as a threat to this structure, the economic conditions of the company and the industry, the nature of union leadership, and the amount of experience that management has acquired in

21 Dubin, op. cit., pp. 142-43.
22 Ibid., p. 203.
Those management policies related to the union-management relationship are most typically a product of management philosophy and the prevailing circumstances.

Depending on the existing philosophy and the prevailing circumstances, the collective bargaining process, according to authorities, could be functional for such purposes as: (1) limiting the effectiveness and thus the prestige of the union; (2) completely undermining the union; (3) enhancing the reputation of the union; (4) winning the cooperation of the union; (5) impressing employees with the company's goodwill; and (6) changing various union attitudes towards management and/or collective bargaining.

As in the case with unions, which policies will predominate, as best serving the interest of management, will very possibly shift from one negotiation to another, depending on management's perception of the total existing situation.

Having considered the meaning of collective bargaining to the parties involved, the next relevant topic concerns the mechanics of actual negotiations. Such a discussion should start with the manner in which the union establishes its demands and the company its goals or objectives. This subject can best be treated by categorizing these demands and goals.

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into three groups: (1) those relating to language or procedural changes; (2) those covering the economic issues; and (3) those relating to the parties' relationship as discussed previously.

Because changes relating to contractual procedures or language can be readily formulated as joint problems, Walton and McKersie see them as suited primarily to "integrative bargaining". Within this bargaining approach, problems of mutual concern are discussed and solutions more satisfactory to both parties are arrived at. For integrative bargaining to be possible, however, Walton and McKersie see as necessary mutual agreement in identifying the problem, consideration of all alternative solutions and their consequences, and a preference ordering of solutions and selecting a course of action. The authors also state that the effectiveness of the integrative process depends on the presence of the following psychological and informational states: motivation, a free flow of information, trust, and a supportive climate.

In considering which areas language or procedural changes are desired, the parties generally look to the following criteria:

(1) past administration of the contract provisions;

\[\text{24 Walton and McKersie, op. cit., p. 137.}\]

\[\text{25 Ibid.}\]
(2) provisions most often questioned through the grievance procedure;

(3) aspects of the relationship not covered by the existing contract, but put into question; and

(4) provisions arbitrated through the grievance procedure and establishing an interpretation unsatisfactory to one or all of the parties concerned.

Issues in this area can have a twofold value for the parties, i.e., the value involved in clarifying or changing an aspect of the relationship and, if the issue is not too critical, its value as a trading item for some monetary gain. Typically, however, as the parties' relationship ages, these issues become fewer in number, but more critical when they do occur. Thus, for evaluative purposes, it becomes easier to identify critical issues in this area as the relationship matures.

While procedural and language issues vary widely in their importance depending upon the particular situation, economic issues consistently retain a high priority status. It is for this reason a more detailed analysis will be made of the manner in which the union's demands and the company's goals evolve into economic issues.

It should be emphasized at this point in discussing the union's demands and the company's goals, that we are talking about their actual demands and goals, the ones they admit to themselves. Walton and McKersie refer to such goals
and demands as "targets". As an illustration of this concept, a union would vigorously seek a 15¢ per hour wage increase throughout negotiations knowing full well that a 10¢ per hour increase is actually what it hopes to finally achieve.

The criteria generally used for establishing and justifying the parties' positions are well enumerated by Torff:

1. ability to pay
2. cost of living
3. minimum family budgets
4. productivity
5. maintenance and increase of purchasing power
6. areas or industry rate comparisons
7. pattern wage adjustments.

All of these criteria are called into play by each party in establishing its position. There are those criteria which will support a party's position in one direction while other criteria will act to keep the party's expectations in that direction within realistic limits. At the same time the party's targets are established, to some degree, minimum and maximum settlement points are also established. Again Walton and McKersie refer to these as "resistance points".

An interesting point to note, when discussing the criteria used in setting targets and resistance points, that each of the criteria could be used to support either party's position at different times during the lifetime of the relationship. For example, during periods of economic growth and in-

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flation, unions could use the cost-of-living criterion to justify a large wage increase. However during periods of deflation, unions would obviously not point to cost-of-living to justify an increase. Torff expounds on this point in stating that:

"... the approach of both unions and employers to the above listed criteria is fundamentally opportunistic. Whichever criteria support a bargaining party's position at any given time are invoked; the rest are glossed over or rejected." 27

To summarize, we have said that the parties involved in bargaining make use of all the above cited criteria in establishing their targets and resistance points. However, once the negotiations have begun, the parties will only invoke those criteria which support their positions, making the assumption that the other party will invoke those criteria which support his position and deflate the other party's position.

Before leaving this topic of the establishment of a party's targets and resistance points, it is necessary to discuss how Walton and McKersie see their interrelationship. Referring to Exhibit I (see page 24), Walton and McKersie see Example A as the typical relationship of the parties' positions in negotiations, that is, the upper resistance point of the company overlapping the union's lower resistance point to form a positive "settlement range". The purpose then of negotiations is to bring opponents' positions to the outer most extremity of this range.

Ibid.
While Example B in Exhibit I is not the typical situation in negotiations as seen by Walton and McKersie, it is a situation which could arise and quite possibly result in power bargaining, that is, strike, lockout, etc., before a settlement is reached. This situation arises where either one or both parties' position(s) is so unrealistic that there is no overlap in their resistance points and thus no settlement range or rather a negative settlement range. To exemplify how a negative settlement range can occur, Walton and McKersie cite Albert Rees' study on the relationship of the business cycle to the tendency for the parties to develop incompatible expectations (resistance points). Rees' conclusion, as it relates to the Walton-McKersie model, was that a "negative settlement range" is most likely to occur just prior to the peak business activity.

The conclusion of this subject on the establishment of the parties' positions and their interrelationship leads to a discussion of the manner, the "strategies" and "tactics" the parties use in order to bring about the final compromise settlement.

While a discussion of the many different types of strategies would be interesting, it would also be superfluous. Of much more importance is a discussion on the purpose or role of strategy in collective bargaining.

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28 Walton and McKersie, op. cit., p. 44.
In discussing strategy as it relates to collective bargaining, we are basically talking about that method of procedure which the parties see as providing the highest probability for attainment of their goals. More specifically, it is a prescribed course of action for evaluating and influencing the other party's true position, thus laying the groundwork for an atmosphere conducive to acceptance of the party's final position. The implications of this definition are: (1) the parties do not openly reveal their real goals or demands, and (2) since the parties do not reveal their real positions, each party must try to influence positions he perceives as real. Obviously the purpose of evaluating the opponent's position is to ascertain what and how much must be contained in a proposal in order to make it satisfactory to opponent's needs.

Dubin acknowledges the importance of evaluation as an integral part of any strategy in that he sees the parties evaluating each other's position throughout negotiations. Specifically, he sees three steps of evaluation leading up to driving the final bargain:

"The first step in any system of bargaining is to know the issues at question. Each party to the potential bargain must know what he wants, what the other party wants and is willing to offer, and what the potential area of compromise between every difference might be . . . .

"The second stage in bargaining requires an appraisal by each party of the differences between expressed demands and what will be finally accepted . . . .
"The third stage in bargaining is one in which secrecy and slyness is likely to be the dominant motif. A tremendous amount of time may be spent at this state of bargaining, trying to develop clues about the real intentions of the other party." 29

Walton and McKersie view this evaluating process as one in which the parties attempt to determine the "subjective expected utility" of the other party's demands and thereby distinguish the real issues. The authors, in turn, see the process of influencing the opponent's position as one of altering the "subjective expected utilities" of the various issues in order to bring them in line with the party's position.

Walton and McKersie thus view a successful strategy as one which allows the parties to accomplish the following:

"(1) to assess the opponent's utilities and strike costs . . . to ascertain his resistance point. (2) . . . to conceal or misrepresent the utilities for the party inherent in the agenda items. (3) . . . to modify the opponent's perceptions of his own utilities. (4) to manipulate the strike costs of the party and the opponent." 30

Tactics should be construed as tools for carrying out a particular strategy. Thus various tactics could be employed to force opponent to reveal his real position, to alter opponent's perception of actual strike costs, and to conceal one's own utilities.

29 Dubin, op. cit., pp. 154-56.
30 Ibid., p. 61.
Perhaps the most well known tactic is the union's use of the strike weapon. As Beal and Wickersham point out:

"Unless it sets a specific date and time, the strike vote taken early in the negotiations is almost always a maneuver: a mere threat, a psychological weapon, a cold-war tactic."\(^3\)

The union's use of this tactic is basically for the purpose of altering the company's perception of its strike cost and thus a reevaluation of its resistance point. A counter tactic to a strike threat is the threat that large inventories have been compiled and, if a strike ensues, it will be a long one. This counter tactic can be especially effective if the parties previously endured a long strike. The purpose of such a tactic for the company is exactly the same as the strike threat used by the union.

Other tactics the parties may employ are those involving commitment-non-commitment, bluff-non-bluff, hostility, and use of public sympathies. The tactics of commitment-non-commitment and bluff-non-bluff are closely related in that the use of one almost always involves the use of the other. Stevens illustrates this relationship stating:

"One major problem confronted by the player of notbluff is conveying to his opposite number the truth regarding his intended course of action... In short, the player of notbluff may be in need of some device whereby he may pledge or commit himself, to the satisfaction of his opponent, to a course of..."

\(^{31}\) Beal and Wickersham, op. cit., p. 279.
action which he intends to pursue."  

The problem for the party in this situation is to find that device, i.e., some management principle, to which a commitment will be convincing to the opponent.

The successful use of the bluff tactic is more difficult in that it involves establishing credibility without giving the appearance of commitment. In discussing the use of the bluff tactic, Stevens sees the problem as one of:

"... making a demand while at the same time avoiding even the appearance of commitment -- avoiding being deemed by the opposite number to have "issued an ultimatum"."

Stevens sees the answer to establishing credibility of a bluff through indirect modes especially that of misrepresentation of preferences.

Dubin points out the usefulness of hostility as a tactic in that it:

"... may be used to intimidate the other side to disclose its position out of fear the hostility and threats might ingender ... . Hostility is functional in achieving a bargain, and particularly in preparing the situation for mutual compromise through revelation of real goals and aims."

Again in turning to Dubin, the usefulness of public sympathy as a tactic can be seen:

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33 Ibid., p. 93.

"If it develops within the secrecy stage of bargaining, that both parties become unwilling to move rapidly toward revealing their true intentions, the parties may turn to the public in order to enlist their sympathy and thus to apply pressure to the other side."

While the use of the aforementioned tactics can be an integral part of a successful strategy, if used improperly or under the wrong circumstances, the damage could very well be irreparable in terms of obtaining a settlement without the use of force.

One aspect of collective bargaining which has not yet been reviewed, but which plays an important role, is the psychological phenomenon involved in the process. As regards the psychological phenomenon, this discussion will be limited to a review of the role of personality and attitudes. Because Derber, Chalmers and Stagner's study on relationship patterns is closely related to the above mentioned psychological factors, a discussion of this study will be considered last.

Perhaps the most apparent psychological factor involved in contract negotiations is the personality structure of the negotiators. While research in the area of personality has not advanced to the state of being able to prescribe that conglomeration of personality factors most conducive to successful negotiations, authorities in the field of labor relations appear to have reached agreement on the following

\(^{35}\text{Ibid.}, \text{p. 159.}\)
actors:

1. the "intelligence" to absorb the full implications of the complexities involved in the process;
2. the "creativity" to foresee and deal effectively with changing and unusual situations unhampered by set opinions, ethics, and rules of thumb;
3. the "personal adjustment" necessary to obtain the respect, trust and confidence of the opponent;
4. the "salesmanship" required to communicate and convince the opponent of the merits of one's position; and
5. the "determination" to overcome minor, major and frustrating obstacles in order to achieve one's goals.

It is important to note in conclusion that every individual possesses these characteristics to some degree, but it is the rare individual who has developed strengths in all these areas. Thus to the degree that a negotiator is deficient in one or more of these areas, the more difficult the process becomes as a satisfactory means of meeting the parties' goals.

The attitudes that the parties bring into the negotiating process may also play a determinative role in the effectiveness of this process. Attitudes relevant to the

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parties' relationship in the negotiating process have two origins: those developed during the parties' formative years, and those developed during the tenure of the relationship. This discussion will deal specifically with the relevance of the parties' attitudes towards each other as developed out of the relationship, since the other type attitudes are more of a general orientation and fall better into a discussion of personality.

It should be noted at this point that, in discussing the parties' attitudes towards each other, the assumption is made that the type of relationship the parties have is a reflection of their attitudes. This is a reasonable assumption to make, since many of the typological studies referred to in the Introduction use the parties' attitudes as a criteria for classifying relationships.

The first logical question to ask, when considering such attitudes, is how do they develop, what factors contribute to their formation? Kerr and Siegel see external factors to the collective bargaining relationship as setting limits on the type of relationship the parties may develop. However, they add, such limitations usually allow enough room for variation in that the parties are free to establish a good or bad relationship.37

Dunnette and Kirchner, pointing to the results of a study by Stagner in 1948, came to the general conclusion that within the above mentioned limits the major characteristic of the parties' attitudes, i.e., union and management representatives, was a feeling of suspicion and distrust toward one another.  

Beal and Wickersham expand on this particular attitude characteristic by discussing the influence of the overall experience in the parties' relationship. Briefly, the authors came to the following conclusion:

"The history and experience of a given local union and the labor relations policy and record of the company with which it deals have much to do with the union's militancy, its willingness to strike."  

Keith Davis perhaps found the solution to the problems created by suspicious attitudes and poor relationships in what he calls the "mirror effect". Basically Davis concludes that management bears the main responsibility for the relationship developed in that management's attitude toward the other party and toward collective bargaining breeds the same attitudes on the part of the union. Davis calls upon Stagner's conclusions in a 1955 article to place this burden on management's shoulders. Stagner saw management as having this responsibility for two reasons: (1) management

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38 Dunnette and Kirchner, op. cit., p. 193.
39 Beal and Wickersham, op. cit., p. 280.
is the dominate party in the union-management relationship; and (2) management has more to gain by improving the relationship and its leaders are more free to act than union officials. If the above is accepted, then in looking towards creation of a more cooperative attitude and relationship, it would be well for management to heed the following recommendation from the Department of Labor:

"In the same American tradition both labor and management must come to a realization that both can function most effectively when each enjoys the confidence and has the consent of the other."\(^4\)

Having thus considered the role of psychological variables on the union-management relationship and specifically on collective bargaining, it is now possible to discuss Derber, Chalmers, and Stagner's study of relationship patterns. In review, it was mentioned in the Introduction that these authors developed from their study a continuum of relationships ranging from "aggression and resistance" to "extensive joint participation". The relationships studied were categorized within this range on the basis of three variables: (1) union influence in the union-management relationship, taking into account the scope and variety of issues brought up in collective bargaining and the depth of penetration by the union; (2) the degree to which pressure tactics were used

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by the parties; and (3) the attitudes of the parties toward each other.

The characteristics of the relationship patterns developed were as follows:

"(a) Aggression and resistance, reflecting high union influence, unfavorable attitudes, an unfriendly emotional tone, high use of pressure, high reliance on past practice and informality in contract administration, slow grievance settlement and frequent inability to negotiate a new agreement without the assistance of outside mediators.

(b) Quiescence, reflecting low union influence, absence of pressure, favorable attitudes, friendly emotional tone, and low reliance on past practice.

(c) Moderate joint participation, reflecting moderate union influence, absence of pressure, favorable attitudes, friendly emotional tone, ability to settle negotiations without assistance, rapid grievance settlement, low reliance on past practice, and a willingness to make concessions to the other side.

(d) Repressed hostility, reflecting moderate union influence, an absence of pressure due to union weakness and inability to seriously challenge management, and unstable, informal grievance process based on low understanding.

(e) Extensive joint participation, reflecting a high union influence and favorable attitudes, a considerable degree of initiative and give and take by both sides without the use of pressure although often requiring the assistance of mediators in contract negotiations, a high reliance on past practice in grievance settlement but with a willingness to make exceptions to the contract and concessions to the other side."41

It should be noted that at any point in time a relationship may not fit within any one of the clusters, but may be in a

transitional stage between relationships.

In this study, the authors also tried to find out whether there was a relationship between the parties' attitudes toward each other and the degree of satisfaction with the relationship. The results of this analysis indicated that management's attitude toward the union is probably a summation of the degree of satisfaction felt with the various areas of interaction, and the union's attitude toward management apparently was contingent on satisfaction with depth of influence, with grievance settlement, and with contract negotiations.\textsuperscript{42}

Summarily, in this chapter an attempt has been made to examine the literature identifying those factors that presumably come into play in the collective bargaining process. There are several other factors, namely perception and communications, which have received wide attention in the labor relations literature, but which have not been included in this review. A treatment of these factors was not included primarily because the data was not adequate to allow conclusions on the role of these factors within the relationship under study. Prior to considering the applicability of these theories and research findings to the contract negotiations at the XYZ Company, historical facts relevant to this company's union-management relationship and its contract negotiations will be reviewed.

\textsuperscript{42}Ibid., p. 87.
CHAPTER II

In the preceding chapter an attempt was made to review and summarize research on the present day theories of the dynamics of the collective bargaining process. In particular, Walton and McKersie's distributive and integrative bargaining models, and Derber, Chalmers and Stagner's continuum of relationships were discussed as they relate to this process. As indicated in the Introduction, the union-management relationship at one company will be examined in order to determine which factors cited by these authorities appeared relevant in the shaping of that relationship and in the resulting negotiations. In order to later recognize those factors which played a major role in this shaping, and especially in the collective bargaining process, it is first necessary to review the historical development of this company.

The XYZ Corporation began its existence on April 6, 1906 as an engineering organization specializing in residential heating and air conditioning. Mr. H. Brown, the founder of the organization, began operations with a capitalization of $35,000 and his own original concept of home heating.

This company continued as an engineering firm until after World War I when it purchased patent rights on a
schoolroom heating and ventilating unit from another firm. At this point the XYZ Company moved into the school heating market. While there were great risks involved in this move, the results proved very favorable. By 1925 the company had surpassed a million and a quarter dollar sales volume with a profit of over $350,000.

The company's move into this new product, as well as a line of industrial heaters several years later, also had one other very important implication on its operations. With the successful marketing of their new equipment, the XYZ Company was forced into handling its own manufacturing. Thus it happened in the later Twenties that several plants were either built or bought in order to handle this new phase of the business.

When the Depression hit, building construction came to a halt and the XYZ Company was in need of an additional product to supplement its sales volume and to fill its excess plant capacity. Thus, in the early Thirties the company again entered the residential heating market.

During the hard years of the Thirties the company depended basically on three products to support the organization: schoolroom unit ventilation equipment, home heating and air conditioning equipment, and industrial unit heaters.

Mr. H. Brown had continued on as president of the company until 1935 when he retired. During Mr. Brown's presidency the company had grown from a one-man organization to a company that realized a sales volume of approximately
one million dollars a year plus new administrative offices and several new manufacturing facilities, a reputation for quality products and a work force that, as of that time, was unrepresented by a union. As the company had grown and developed over the years, the number of employees had increased proportionately. The management-employee relationship was described by a company officer under Mr. Brown at that time as being "paternalistic" in tone.

Upon the retirement of Mr. H. Brown, his son, Mr. R. Brown, took over as president of the XYZ Corporation. Mr. R. Brown continued in this position until 1950 when the XYZ Company was purchased by another firm. After the merger of the two companies, Mr. R. Brown continued on for several years as Vice-President in charge of the XYZ Division of the parent firm.

Soon after Mr. R. Brown took over as president, the company and the labor-management relationship underwent some dramatic changes. The war in Europe, especially after the entry of the United States, forced the company to search for new product markets, since civilian construction was again brought to a halt. And then, as if this search for new product markets wasn't enough to adjust to, the company was confronted with another new development, namely the entry of a union, and with it a new course in labor-management relations.

The company's search for new product markets proved to be the easier and more successful of the two adjustments. Branches of the military services of most of the countries
involved in the war found a great need for some type of portable heat for men and material. Drawing upon the company's technical background and present capabilities, portable heaters for the military were successfully designed and marketed. As evidence of this success, corporate sales climbed to about two million dollars in 1942, and by 1944, to over four and a quarter million dollars. Sales of portable heaters in the form of cost-plus contracts to the Government were the main contributor to this total volume, with industrial unit heaters being about the only other contributor. These two products remained as the company's largest source of income throughout the Forties with the sale of school-room ventilation equipment increasing slowly in the latter part of the decade.

The impact of this abundant new business extended into almost every phase of the Company's operations and was in some phases, especially the union-management relationship, to be felt for many years to come. In terms of manufacturing facilities, several additions were built on present plants, new plants were rented, and new warehouses were purchased. Some of these facilities were later to be the subject of union organization and union-management negotiations.

The impact of this business also had profound effects on the company's employees. Many new people from a very tight labor market had to be brought in over a very short period. The total wage bill increased substantially in this period, going from over $250,000 in 1942 to as high as $650,000 in
1944. This increase was due to several things: new employees, many hours of overtime, a loosening of incentive rates, and slight increases in pay brought on by the appearance of a union.

As mentioned earlier, the second major adjustment the company had to make early in the war years was to the presence of a union. The United Electrical, Radio, and Machine Workers of America (Hereafter referred to as the U.E.F.E.) successfully organized the employees of the XYZ Company and became their bargaining representative on April 19, 1943. As to exactly why the employees found it necessary to seek collective representation, there is conflicting testimony. Mr. R. Brown felt that the XYZ Company employees just fell prey to a heavy organizational drive that was going on throughout the city at that time. Mr. Brown added that, prior to the introduction of a large union-organized company to the area, union affiliation had not been very popular. 43 Mr. A. Smith, the company's Secretary-Treasurer at that time, agreed with this reasoning, with the addition that he felt the New Deal philosophy of the time was influential in making such organization drives successful. 44

In discussing this question with the present business representative, who was a union official at the outset, different reasons were cited for the employees organizing.

43 Interview with R. Brown, former president of XYZ Company, April 13, 1968.

44 Interview with A. Smith, former Secretary-Treasurer of the XYZ Company, on April 23, 1968.
This official cited three basic reasons behind the union's success. One, employees were making only 60¢ per hour and were reluctant to turn in more than 80¢ per hour on the incentive for fear of rate cutting. Second, there was a great deal of favoritism displayed, based on family relationships and a certain social club affiliation. And third, wages were low in comparison to those paid by larger employers in the area. These employers were all in the farm implement industry.45

In instances such as these, it is always difficult to determine which occurred first, an injustice and then a reaction, or the reaction of the union pointing out the injustice, real or imagined. After the issue was raised, however, it was of only secondary importance whether the injustice was in fact real, since for the people involved it had become so.

There were several factors present at the time of the union's arrival on the scene which contributed to making this a most difficult relationship for the company to adjust to. The organizational drive had been led by a union business agent who was an acknowledged Socialist. The union's present business representative, who worked with the organizer at that time, described him as "a highly skilled negotiator and

45 Interview with T. Maloney, business representative of the International Association of Machinists, on April 23, 1968.
Management, that is, Mr. R. Brown and Mr. A. Smith, viewed the union as "militant, aggressive, not very cooperative, and taking the old hard line approach to bargaining."

As both Mr. Brown and Mr. Smith pointed out, the second major factor which made the union's presence difficult to adjust to was the fact that company representatives were completely inexperienced and uneducated in union-management relations and negotiations. Mr. Smith stated that the company initially took a "legalistic approach to the union, feeling that a union contract would be no different than any other contract". This approach, as Mr. Smith indicated, represented "a policy of containment".

The company's relationship did not change to any significant extent until Mr. R. Brown brought in Mr. B. Burns as an assistant to the president, specifically for the sole purpose of handling the union-management relationship. Mr. Burns, with an extensive background in the field of union-management relations, brought with him an approach that was more in line with the union's. Mr. R. Brown described him as "a rough, brusque type of individual who seemed to enjoy the hard approach to the union".

The next several years from 1946 through 1948 appeared to be years of turmoil for union-management relations. A contract strike lasting just over a month occurred in 1946.
followed by a twenty-six day contract strike in 1948. In between these contracts, grievances were numerous and, as Mr. R. Brown stated, were concerned with "trifling issues" for the most part. In addition to the contracts in 1946 and 1948, Mr. Burns also negotiated the labor contracts in 1949 and again in 1950.

The contract negotiations in 1949 with the U.E.F.E., while strike free, involved additional complexities which were to have several recurrences. The toolroom employees (tool and die makers, machinists, and apprentices) were the target of a unit raid by the International Association of Machinists, District Lodge 102 (hereafter referred to as the I.A.M.). On August 8, 1949, after a contract had been reached with the U.E.F.E. in July, the National Labor Relations Board gave formal recognition to the I.A.M. to represent the toolroom employees.

To recap the events of the Forties and their implications, we find the XYZ Company moving into a new product market with characteristics far different from previous or future markets. By "characteristics" is meant the cost flexibility involved with cost-plus contracts versus the cost discipline required to meet competition in the other product markets. This period of cost-plus contracts and the habits they engendered were to have a significant impact on future union-management relations and negotiations.

The significant increase in sales during the Forties
also created the need for an expansion of the company's manufacturing facilities and an expansion of the labor force. And with the addition of a militant union, the responsibility of labor-management relations was segregated for future handling by a specialist in the field.

If the Forties ushered in dramatic changes in the company's operations, the Fifties were no less hectic. At the outset the company was in the midst of trying to readjust to the competition of old product markets within the private sector of the economy, gear its manufacturing facilities to handle schoolroom ventilation equipment as the major product, and to negotiate a merger into another company in the air treatment industry. One of the first hurdles to be overcome was the merger. In terms of the merger's effect on operations, there was a negligible amount of adjustment since, for all practical purposes, no changes, other than the XYZ's status as a separate corporation, took place.

Perhaps the change in conditions which involved the most adjustment, and which had the most far reaching implications, was the change in product emphasis. While the company continued to obtain government contract work, the sale of unit ventilation equipment was again becoming the major source of income. Competition being what it was at that time, the company was forced to become far more cost conscious. In terms of manufacturing, cost consciousness meant evaluating its present equipment, its methods and processes, overhead expenses, and the productivity resulting from its incentive
system. Needless to say, many of the changes that came out of this program, especially those relating to the incentive system, were met with some union resistance.

While Mr. Burns continued with the company, his responsibilities changed to become head of manufacturing. With this change in Mr. Burns' position, Mr. F. Doud was brought in to set up an Industrial Relations Department. Mr. Doud came on the scene just prior to the 1952 contract negotiations which involved a confrontation on those cost control measures which directly affected the employees and, through them, the union.

The company's psychological consulting agency, as a result of tests and interviews, described Mr. F. Doud as "a highly intelligent man who had the personality structure of a very forceful, aggressive, dynamic individual". However, the agency went on to state that:

"... since he is an aggressive, independent man and does not possess a strong natural awareness of the interests, needs, and wants of those around him, to some persons he may appear to be somewhat cool, indifferent, or tempermental."\(^7\)

The union business representative that dealt with Mr. F. Doud commented that:

"Mr. Doud came from the J. I. Case Company which always has been anti-union ... and that it took several years before the union could rely on him."\(^8\)

\(^7\) Final Report to Personnel Department, XYZ Company, by the ABC Consulting Agency, Chicago, dated October 3, 1958 (in the files of the Department).

\(^8\) Maloney interview, op. cit.
An evaluation on Mr. Dou's effect on union-management negotiations will be handled later in this paper when negotiations in which he participated will be discussed.

As in 1949, the 1952 negotiations with the U.E.F.E. became complicated by another I.A.M. petition to win bargaining rights for the maintenance men and their helpers. Finally, on August 8, 1952, a two year contract was settled without a strike and in September of that year the National Labor Relations Board decided against splitting off the maintenance men from the production unit. On June 19, 1953, this contract was extended one year, thus to expire on June 1, 1955.

On February 19, 1954, the U.E.F.E. made its first attempt to expand the bargaining unit by filing a petition to represent the production and maintenance employees at one of the plants acquired during the Forties to manufacture products under government contracts. The National Labor Relations Board, as a result of a consent election, declared there was not enough interest to appoint the U.E.F.E. as the bargaining representative and the plant remained non-union until June, 1955.

Again in April, 1955 the U.E.F.E.'s bargaining status was threatened when the United Automobile Workers petitioned the National Labor Relations Board for a representation election covering the production and maintenance employees. On May 25, 1955, the National Labor Relations Board again
certified the U.E.F.E. as the rightful bargaining representative of the employees. In commenting on this election, Mr. Maloney pointed out there was considerable turmoil in the Local regarding the U.E.F.E.'s affiliation with the AF of L-CIO and that the Local had decided against affiliation with the United Automobile Workers.

Immediately following the above representation election, the company and union entered contract negotiations. This contract negotiation was somewhat unusual in that the U.E.F.E.'s bargaining unit was extended upon their showing evidence of interest by the employees at two plants and a warehouse acquired during the late Forties. Agreement on this contract was reached on June 28, 1955, again, without a strike.

It was during the mid-Fifties that a Senate subcommittee was investigating unions to validate claims of various illegal activities and of possible Communist infiltration. The U.E.F.E. was one of the unions under suspicion of Communist infiltration and possible domination. According to Mr. Maloney, the company's Local of the U.E.F.E. had given notice to the International that, if they did not affiliate with the AF of L-CIO, the Local would withdraw from the International. Finally on December 1, 1955 the Local voted to switch its affiliation to the I.A.M. The U.E.F.E. contract was kept in tact after this except for the necessary changes in identification of the parties to the
contract.

Just prior to entering contract negotiations in 1957, there was another change made in management. Mr. D. Nichols was employed to take over the local industrial relations function under the direction of Mr. Doud who had moved into another position. Mr. Nichols was described by the same previously mentioned psychological consulting agency as:

"Above average intelligence . . . quite sensitive and lacking in self-confidence. He tends to compensate for this feeling by being more aggressive in his interpersonal relationships. However, he is quite sensitive to criticism, rebuffs, and situations which he feels represents failure. We would expect his lack of self-confidence to handicap him in his dealings with others in the organization . . ." 

This evaluation of Mr. Nichols' lack of self-confidence was also referred to by Mr. Maloney who dealt with Mr. Nichols. It was his opinion that Mr. Nichols "was a very unstable man who would not commit himself to any position". It was also his opinion that "Mr. Nichols did not hold the employees' respect due to his inability to make decisions and commit himself one way or another".

While Mr. Nichols continued in the position of Industrial Relations Manager through the Fifties, he was terminated in the early 1960's. As one of the company's

vice presidents stated, Mr. Nichols was basically terminated because of a deteriorating physical disability which appeared to affect his judgment to the point that responses to normal industrial relation problems were completely inappropriate.  

The contract negotiations of 1957 with the I.A.M. led to the company's first strike since 1948. The strike was short lived, however, lasting only nine days. This contract again increased the size of the bargaining unit by adding the employees at another small plant acquired during the Forties.

Contract negotiations which took place in 1959 were preceded by another complicating situation which presented an interesting backdrop for the negotiations. Just prior to the negotiations, the corporation reorganized along profit center lines which split the defense work from the other products manufactured by the XYZ Division. Thus while profit wise, and management wise, the three plants manufacturing defense products were independent of the XYZ Division, two of the plants were included in the same union contract with the XYZ Division.

In order to make the defense group completely independent of the XYZ Division, the company thought it necessary to split the bargaining unit, i.e., split the two defense product plants from the rest of the XYZ Division. Agreement with the union on how this would

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50 Interview with H. Stevens, former Manager of the XYZ Division, April 1, 1968.
transpire was reached in January, 1959, six months prior to contract negotiations. The basis of the agreement was that the present contract would be adopted for the three defense plants, if the union could present evidence that they represented a majority of the employees in the third previously unorganized plant. The impact of this change on the 1959 contract negotiations will be considered later, but let it suffice to say that the contract covering the XYZ Division employees was settled without a strike.

Reviewing the course of events from roughly 1950 to 1960, the decade opens with the undramatic merger of the company into another firm in the air treatment industry. A more dramatic adjustment almost coincident with this merger was that of reverting to a peacetime economy and product markets characterized by severe competition. Also during this time an industrial relations function was established and filled by several men with almost conflicting personalities. The 1950's was also a period in which the union was undergoing a great deal of change and assault by rival unions for the right to represent the company's employees. Amidst all of the foregoing changes, the company continued to grow with sales climbing from about five million dollars in 1950 to over eleven million dollars in 1960.

In conclusion, in this part the major historical elements influencing the company's labor-union-management relationship and negotiations were considered. While this
history is far from complete, those areas which pertained to the development of the topic of this thesis were discussed. Exactly how each of these events affected each of the several contract negotiations was not treated here, but will be discussed in Chapter III as an analysis of each contract is made.
CHAPTER III

The discussion of the history of the XYZ Company provides the background in which the dynamics of the collective bargaining process transpired. With this background, it will now be possible to examine the contract negotiations that took place at the XYZ Company over approximately a twenty year period, with a view toward examining the applicability or futility of the theories discussed in Chapter I.

The general approach to be followed in this discussion will be to examine each contract negotiation individually in order to determine which factors, among those thought to be relevant by the theorists, played a major role in shaping the settlement of the contract. Only major contractual changes will be referred to in this chapter; however, the complete list of negotiated contract changes may be found in appendices beginning on page 1943.

1943 Contract Negotiations*

After the United Electrical, Radio and Machine Workers of America was recognized as the legal representative of the

*A detailed list of negotiated changes was not possible due to the lack of information on negotiable items prior to unionization.
XYZ Company's employees on April 19, 1943, the parties entered into their first contract negotiation. This first negotiation was finally settled on July 29, 1943 without the necessity of a strike. While there were many of the ingredients typically conducive to a strike, there were special circumstances brought on by the War which made the timely settlement possible. The specific influences brought on by the War will be discussed after the more disrupting aspects of the negotiations have been considered.

While there was a considerable lack of data on the development of the parties' positions during this negotiations, some evidence was available to permit some conclusions on the applicability of Walton and Mckersie's distributive and integrative bargaining models. The available evidence indicated that had the country not been at war, a "negative settlement range" would have existed throughout the negotiations, and only if significant movements had been made on the part of both parties would an agreement have been reached. This conclusion is reached as a result of considering the basis upon which the union's demands were formulated and those upon which the company's goals were based.

Basically the union's demands were of two general types - monetary and contractual language. As stated by Mr. Maloney, the union's position on the monetary issue was dictated by two main factors: (1) the discrepancy between the company's existing wage structure and that of other local
employers (primarily companies in the farm implement industry who historically have been the highest paying employers in the area), and (2) the unreliability of the incentive system and a distrust of the manner in which it was applied. The fact that the union had stressed these points so strongly during the organizational drive simply magnified the remedial demands and lessened the union's flexibility in making concessions.

While the union would have found the above factors as justification for considerable demands (certainly excessive demands from the company's viewpoint), the company's position on monetary issues was influenced far more by the wage and benefit levels in its industry and in the local area as a whole than by the wage and benefit levels of the local farm implement companies alone. Unlike the comparison with the farm implement companies, the company's wage and benefit level was relatively high when compared with other companies within its own industry and with overall local area averages.

While it would not be necessary that the resulting goals and resistance points result in a "negative settlement range", the conclusion that it would have in this case is based on the following:

1. Excessive union demands brought about by the increased awareness of the bargaining unit to supposed injustices pointed out by the union in its organizing drive; and
2. A conservative management made even more conservative by the magnitude of the union's demands, the socialist leanings of the union leadership, and, as Mr. A. Smith pointed out, the union's aggressiveness coupled with the management's lack of experience with unions.

In discussing the wage issue and the manner in which the parties formulated their positions, it is noteworthy that throughout the history of this union-management relationship the union used the wage and benefit programs of the local farm implement companies, organized by a rival union, as justification for its demands; whereas, the company used the programs of its industry, several of which were unionized, and the local area as a whole to support its position. It is also noteworthy that this manner of goal and demand formulation reflects positively on Torff's conclusions regarding the parties' formulation of positions. Briefly, Torff concluded that the various criteria used in formulating positions are selected opportunistically, and that the opportunistic selection tends to magnify the differences.

Of equal importance to the union as an issue to be resolved was its demand for protective contractual language. Mr. Maloney indicated of prime importance in this negotiation was contract language which would so regulate the day to day relationship that there would be no opportunity for the

51 See pages 22 and 23.
various aspects of favoritism to continue. While Walton and McKersie see such demands as amenable to "integrative bargaining", the conditions those authors deem as necessary for and conducive to this type of bargaining were not present.

According to Walton and McKersie, one of the first requirements for integrative bargaining is the mutual identification of problem areas. Once the problems have been identified, the authors, state the following factors determine the effectiveness of the problem solving process: (1) the "motivation" to find a solution; (2) a "free flow of information" regarding the parties' preferences; (3) mutual "trust"; and (4) "supportive climate".

The conclusion that the parties could not mutually agree on problem areas (the first requirement for integrative bargaining) is based on the following:

1. The company's view that the union's newly won bargaining status was based on factors external to the employer-employee relationship rather than on problems within that relationship; and thus

2. The perception of the issues as presented as being a product of the union itself and not a product of problems within the bargaining unit; and

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52 See page 42.

53 Walton and McKersie, op. cit., p. 137.
3. The company's belief that the charge of favoritism, the union's main argument for contractual language, was a fiction used in the organizational drive for its emotional appeal in drawing votes.\textsuperscript{54}

Even if it had been possible for the parties to reach agreement on the identification of problems, the effectiveness of the integrative bargaining process would have been minimal due to the obvious lack of trust in the relationship, the reservations to freely exchange information due to the lack of trust and the lack of a supportive climate. The basis for determining these shortcomings are as follows:

1. The top management's lack of trust as indicated by its perception of the union as "militant, aggressive, and not very cooperative".\textsuperscript{55}

2. The management's reluctance to openly exchange information, as indicated by Mr. Smith's statement that the company's approach to the union was basically one of "containment".\textsuperscript{56}

3. The fact that the first two factors would certainly not be conducive to management's contributing to a supportive climate; and

\textsuperscript{54}See page 41.
\textsuperscript{55}See page 43.
\textsuperscript{56}Ibid.
4. The fact that the union, in pressing the issues as mentioned in its organizational drive, created negative and somewhat hostile feelings among the bargaining unit and bargaining committee, which were hardly conducive to a supportive climate for integrative bargaining.

It was thus due to the above conditions that true integrative bargaining was not possible and that the union's contractual language demands had to be negotiated concurrently and in the same manner as the wage and benefit issues. Again, had various wartime restrictions not been in effect, it would be fair to conclude that this situation would have simply acted to magnify the parties' differences especially on the monetary issues.

While the above data does not reflect on the applicability of Walton and McKersie's integrative bargaining model as a means of settling certain issues in collective bargaining, it supports their conclusions on the necessity for certain conditions to be present for integrative bargaining to be both possible and effective.

As implied in the previous discussions concerning the parties' difficulties in this negotiations, the type of relationship the parties were developing was itself a further barrier to settlement. The typology referred to by Derber, et al, as "aggression and resistance" seems to be the most reflective of this relationship in that the union's influence was high, there existed unfavorable attitudes, an
unfriendly emotional tone and the high use of pressure. Evidence of the presence of these characteristics in the developing relationship were indicated primarily by the same factors which were cited for the failure of integrative bargaining to be an actuality, and the company's admitted inexperience in dealing with unions.

As was mentioned at the outset of this discussion on the 1943 negotiations, there was one overriding factor which acted to neutralize all other considerations in bringing about a strike-free settlement. This one all-important factor was not something the local parties could control, but was a special circumstance brought about by the war. The union, on a national level, had pledged itself to a no-strike policy and as additional insurance the government, through the War Labor Board, had such a restrictive policy on wage increases that it would have been quite difficult for the monetary issue to reach serious proportions. These external restrictions made a settlement possible by keeping the parties' positions within a positive settlement range, by neutralizing the ill effects of the parties' inability to utilize the integrative bargaining approach in settling contractual language issues, and by neutralizing the ill effects of a hostile relationship. While the influences of wartime

57 See page 35.
58 See pages 58 and 59.
conditions made this settlement possible, as will be seen, it actually only delayed the day of reckoning on the solution of issues.

1946 Contract Negotiations

The parties were not as successful in 1946 in arriving at a settlement without a strike. Before agreement was finally reached, the parties had endured a 33 day strike. The absence of wartime restrictions played a major role in the occurrence of this strike. The parties were finally uninhibited by such artificial restrictions in seeking their goals. There were, however several internal factors, some of which were similar to those in 1943, which directly led to this strike.

Perhaps the most obvious factor was the continued existence of a "negative settlement range" which the parties were unable to resolve without resorting to the economic coercion imposed by a work stoppage. The basis for concluding that a negative settlement range existed, in support of Walton and McKersie's distributive bargaining model, was the extent to which the parties' expectations (or positions) were different, the basis on which these positions were formulated, and the terms of the final settlement.

The basis for the union's major monetary demands in

*A detailed list of negotiated changes can be found in Appendix A.*
this negotiations rested primarily on unsatisfactory wage settlements imposed on it by wartime restrictions; skyrocketing cost of living which had taken its toll of previous wage increases; an excessive amount of overtime for which relatively low, and in some cases, no premium rates were paid; and the failure of the incentive system to generate extra earnings, which was of key importance to a majority of the employees in maintaining their standard of living. While the limitations on wage increases imposed by the wartime restrictions are self explanatory, the other three factors need further clarification.

During the early part of the war years, the Wage Stabilization Board kept firm control on both wages and prices. These controls, however, later loosened first in the area of prices and sometime later in the area of wages. By the time the freeze on wages began to loosen, wage levels had fallen appreciably behind price increases. The result of this situation was that, as union contracts began to expire and negotiations got underway, unions were demanding tremendous wage increases in order to close this gap between wage levels and price increases. At the XYZ Company the union's demands included both a substantial wage increase to make up for previous losses, and a cost-of-living clause as protection against continuing price increase.

The union's demands for increased premiums for overtime work resulted from the fact that business had increased
so rapidly during the war years, and labor was so scarce, that extravagant amounts of overtime had been scheduled. While the earnings which result from such overtime are enjoyed by employees, there is a point beyond which the marginal utilities of extra money is not worth the loss of leisure time. As Mr. Maloney pointed out, it was not unusual for the employees during these years to have to work seven day weeks. To remedy this situation the union demanded increased penalties on the company for scheduling overtime in the form of increased premiums for hours over ten per day, Saturday, Sunday and holiday work as such.

The union's demands for improvements in the incentive system were the result of deficiencies in this system resulting from factors beyond the employees' control. The company got into several new product lines; customer-demand required many short run and special orders; and industrial engineering was unable to keep up with these changes because it could not supply incentive rates rapidly enough nor supply well-studied rates. The resulting effect of these deficiencies was that incentive employees were spending increasing amounts of time on non-incentive work and, when they did get incentive work, they had no guarantee that the incentive standard would generate earnings correspondent with the incentive performance. As a result, the union demanded incentive rates which would

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59 Maloney interview, op. cit.
guarantee an employee a minimum of 120 per cent above base rate when that employee performed at a normal incentive pace or when an incentive employee was assigned to specific types of non-incentive work, and an increased rate for incentive employees when working on jobs where incentive standards were not available.

While the company's position was generally one of recognition of the need for some rather substantial changes, its position relative to each of the above union demands was tempered by various operating uncertainties. Recall for a moment that during the war years the large influx of government contracts caused the company's business to grow from approximately $800,000 in 1940 to almost $4,000,000 by 1946. When the end of the war came, the XYZ Company had to look back to private markets to fill a tremendous void left by the cutback in government contracts. Specifically the company realized that a substantial increase was necessary not only to maintain its present employees, but also to maintain wages at a level attractive to new labor. This realization was tempered to a level below union demands, however, by the uncertainties associated with the company's returning to private markets for a majority of its business, and with the general course of the economy following the boom of the war years. One thing the company was certain about, however, was that the competition in the private markets was going to be more severe than in government contract work - typically "cost-plus".
The difference in the competition characteristic of the two markets simply meant that the management would have to be more cost conscious. The company's position also did not include a cost-of-living provision due to the rate at which it had been rising and the potential cost obligations such a provision could mean if it continued to rise.

The company's position on the demand for increased overtime premiums was also tempered by future operational problems. The company's primary considerations on this issue concerned the uncertain demands of future business as well as the future labor supply.

The union's demands for certain guarantees under the incentive system were inimical to the company on the basis of its potential cost, and due to the effect of such guarantees on the effectiveness of an incentive system.

From a cost standpoint, two of the union's demands on these guarantees alone would have resulted in an average increase of approximately 10 cents per hour for time spent on assignments where incentive standards were not available and an average increase of approximately 20 cents per hour for time spent on specific types of non-incentive work. While the cost impact of these increases would have been minimal had incentive employees been spending a majority of their time on incentive rated work, there are two reasons to believe that at most no more than 50% of their available time was spent on incentive. Until the late 1960's the company had a fairly
low incentive coverage, and the union was complaining at this time that there was a substantial lack of incentive rates.

Because of the lack of data, the full cost impact of the union's demand for incentive rates which would guarantee a minimum of 120% earnings could not be judged. However, due to the fact that both management and union representatives later acknowledged that incentive standards were rather loose at this time, it would be fair to conclude that this guarantee was rejected by the company not so much for its initial cost impact, but on the basis of potential future costs and on principle.

While the cost of these incentive guarantees played a key role in the company's decision to reject them, of equal importance in this rejection was the potential implications of these guarantees on the effectiveness of the incentive system to generate increased productivity. This resulting effect on productivity was possible in two ways:

1. The effect of premium rates for specific types of non-incentive work, and work where rates were not available, would provide increased motivation for employees to seek this work in preference to incentive rated work where increased performance was required; and

2. The misinterpretation of incentive rates guaranteeing a certain level of earnings as a new base for expanding the earning potential of future rates without a
corresponding increase in performance.

The fact that it was this wide disparity in the parties' positions that contributed greatly to the occurrence of the strike was further substantiated in that (1) a settlement agreement was reached only after these issues were resolved;\(^6^0\) (2) the indication from the terms of the final settlement, relative to the union's initial position, that this initial position was quite close to its resistance point; (Referring to Appendix B, the difference between the union's initial demands and the final settlement was the exclusion of a cost-of-living provision for a 37 cents per hour wage increase spread over a two year period). and (3) the degree to which the company's position was widely divergent from the union's initial demands.

The parties' widely divergent positions in those negotiations relative to the wage issue also appears to lend support to Rees' conclusion regarding the relationship of the business cycle to the tendency of the parties to develop "incompatible expectations". As previously noted, Rees concluded that such incompatible expectations are most likely to occur prior to peak business activities.\(^6^1\) In this case the company's position to a large extent was based upon a fear that the business cycle would turn down, as indeed it

\(^6^0\)Daily Dispatch, May 21, 1946.

\(^6^1\)See page 25.
did a few months later. The union, on the other hand, was reacting to a wartime boom and a period of rapid inflation which had seriously corroded previous wage increase.

Also worthy of note is the different criteria (different as compared to the 1943 negotiations) by which the parties formulated their positions. The union's demands in this negotiations, while to some degree influenced by local wage comparisons, was to a greater extent influenced by the effects of inflation on wages and inequities resulting from problems peculiar to this organization. The company's position, on the other hand, was also influenced by its wage comparisons, but more importantly by future business uncertainties. Quite obviously these facts, again, support Torff's conclusion regarding the various criteria the parties use in formulating their positions, but more importantly they support his conclusion that the parties may use different criteria at different times during the relationship. 62

In addition to the monetary issues, there were many demands for changes in contractual language which provided another opportunity for the use of "integrative bargaining". However, for the same reasons that this type of bargaining was not possible in 1943, it was again not possible in these negotiations. The parties' relationship, characterized as

62 Torff, op. cit., p. 44.
"aggression and resistance" in 1943 became, if anything, more hostile (primarily on the union's side) during the interim years. For the most part the company's perception of the union as an unwarranted, unfriendly and threatening, force continued unchanged. As Mr. Brown, the company spokesman, stated, these times (the mid-Forties) were characterized by what were, in his estimation, many petty grievances which, for the most part, lacked any merit. The fact that the union was still viewed in this manner resulted in the company's continuing its approach along the line of "containment" and "resistance".

From the comments of Mr. Maloney, it appears that the union saw, in this approach, a lack of respect for, and recognition of, the union as an entity. As Mr. Maloney stated, it was this lack of respect for the union, and an inability to get issues resolved between contracts expeditiously that led to a great deal of aggression among the employees.

It was, thus, the parties' relationship, characterized by attitudes of distrust, suspicion and hostility, which undermined the conditions necessary for, and conducive to, the use of integrative bargaining. Certainly this evidence, again, supports Walton and McKersie's conclusions that certain conditions are necessary for integrative bargaining to be both possible and effective. The result of the parties' inability to use integrative bargaining was that all issues had to be negotiated by means of the distributive bargaining
approach, the effect of which probably tended to magnify the parties' differences. The basis for such a conclusion is that, when these two categories of issues are negotiated together, the parties tend to apply ill defined monetary values to the contractual language items (integrative topics) which values then simply become the basis for further disagreement.

One must also conclude that, if the feelings of suspicion, distrust and hostility, characteristic of this relationship, led to the failure of integrative bargaining as a means of settling contractual language issues, these same feelings must have also presented barriers to reaching an agreement on the combined issues via distributive bargaining. It would thus appear that a poor union-management relationship has a compounding effect. By eliminating the integrative bargaining method all issues are handled within the distributive bargaining framework, which is less amenable for the settlement of such issues and in which the effects of the same poor relationship are already being felt.

The evidence, as discussed in both the 1943 and 1946 negotiations, lends support to Dunnette and Kirchner's conclusion that a major characteristic of union-management attitudes towards one another is a feeling of distrust and suspicion.63 In fact, in this case, it was primarily due

63Dunnette and Kirchner, op. cit., p. 56.
to the degree to which these attitudes were exaggerated that the "aggression-resistance" type of relationship developed.

The facts as discussed in this negotiation also tend to support Davis' conclusions, regarding management bearing the responsibility for setting the tone of the union-management relationship, and what he termed as the "mirror effect". As previously stated, the management's resistance or containment approach was based on:

1. Its belief that the basis on which the union obtained bargaining status was not related to any internal problems or injustices;

2. Its perception of the union as an aggressor, a threat to the successful operation of the plant; and

3. A need for caution due to management's lack of experience with union matters.

The union and the bargaining unit in turn, as pointed out by Mr. Maloney, perceived in this approach a lack of recognition and respect for the union which engendered similar attitudes of distrust, aggression and hostility. The union's reaction of aggression in turn acted to reinforce the management's initial evaluation of the union.

The union's and the bargaining unit's aggressive reaction to the management's approach, as related by

64Davis, op. cit., p. 57.
Mr. Maloney, also lends support to Beal and Wickersham's conclusions concerning the relationship of a union's experience with a company and "it's militancy, its willingness to strike". The only evidence available to indicate that this relationship affected the union's willingness to strike was Mr. Maloney's statement that this was one of the major factors leading to the strike.

It would appear from statements made by Mr. Maloney that Mr. Burns' addition in 1946 as the company's representative on union affairs was probably conducive to a strike-free settlement despite the fact that a strike actually occurred. Mr. Maloney confirmed Mr. R. Brown's statement that Mr. Burns was a fairly rough, brusque type of individual, but that, more importantly, he dealt with the union in a manner which acknowledged its existence as an integral part of the labor relations scene. Mr. Maloney also added that, in contrast to previous negotiations with other company officials, the union leadership felt that this negotiation had focused on the issues rather than on time consuming power play maneuvers. It would thus appear that Mr. Burns' presence on the scene represented a turning point in the tone of the existing relationship.

In summarizing the events of this negotiations, it

65 Beal and Wickersham, op. cit., p. 57.
66 Maloney Interview, op. cit.
could be concluded that the strike was a result of:

1. The existence of a negative settlement range on the monetary issues;

2. The parties' inability to apply an integrative approach to the contractual language issues which resulted in further complicating negotiations over monetary issues; and

3. The effect of a rather hostile union-management relationship in precluding the use of integrative bargaining and its further inhibiting effect in settling the issues via distributive bargaining, despite the introduction of Mr. Burns into the relationship.

1948 Contract Negotiations*

As in 1946, the parties again had to suffer through a strike before a settlement was reached. While many of the complications prevalent in the 1946 negotiations were still present to a lesser extent, others were not and other complications arose which brought about a 26 day strike.

During the two years following the 1946 negotiations, the union-management relationship improved considerably, in that the company finally accepted the union's existence. This new degree of recognition apparently focused on the addition of Mr. Burns as the company's industrial relations

*1948 negotiated changes may be found in Appendix B.
representative and the way in which the union perceived his approach. As Mr. Maloney stated, while the union recognized Mr. Burns as a hard bargainer, it also saw in his approach a recognition of the union and a willingness to discuss issues.

In terms of Derber, Chalmers and Stagner's typologies, the relationship at this time would seem to fall somewhere between what they term as "aggression and resistance" and "quiescence".

The relationship was characteristic of "aggression and resistance", in that the union's scope and depth of influence in the relationship was high as was indicated by the extensive discussions carried on in these negotiations over problems related to contractual revisions. In terms of the improvement in the parties' attitudes and in the friendliness of the emotional tone, the relationship was more typical of the "quiescence" typology. As previously implied, the improved attitudes could only be traced to the parties' changing view of each other's role in the relationship initiated primarily by Mr. Burns. Certainly this change and the manner in which it came about should be interpreted as supporting Davis' conclusions concerning the "mirror effect" and management's key role in establishing a particular relationship.

As further evidence of the parties' changed attitudes was the obvious fact that not only was integrative bargaining used extensively in these negotiations, but resulted in an extension of negotiations beyond an April 1 contract expiration
date. The union notified the company on January 31, 1948 that it was interested in amending and modifying the existing agreement. Between that time and April 11, the parties had ten formal sessions during which time the discussions centered only on proposed contractual language revisions. By the meeting of April 10, the whole contract had been reviewed and tentative agreements had been reached on many of the proposed changes. The fact that the parties were able to successfully use the integrative bargaining approach was further evidenced by the fact that the union's final list of eleven demands contained only one unsettled item amenable to this bargaining method.

The success of integrative bargaining in this negotiation lends support to the applicability of Walton and McKersie's integrative bargaining model to the process of collective bargaining. The fact that the parties were able to use this approach successfully under the conditions of improved attitudes, is also evidence of Walton and McKersie's conclusions that somewhat positive attitudes have to be present for this approach to be both possible and effective.

The meeting on April 10 was significant beyond just another session of integrative bargaining, in that this was the first meeting at which wages were discussed -- the beginning of the "distributive bargaining" process. Since, by the meeting of April 10, the parties had almost exhausted the topic of language revisions and the company was eager to wrap up a
settlement, it insisted that the union make its proposal on wages. To the dismay of the company, the union's reply was that a 30 cents per hour across the board increase was needed -- unsupported by any specific reference to criteria or justification.

Despite the union's seemingly "off-the-cuff" proposal on April 10, the company gave its proposal to the union on April 23 regarding all monetary issues except for the exact amount of a cents per hour increase. Along with this proposal the company submitted the following as a basis for its position on the wage issue:

1. Since 1946 wage increases had totaled 35.1 cents or 35.3%, while the cost of living had increased only 27.8%, leaving 7 cents per hour over and above the increased cost of living;

2. Taxes had decreased since 1946 giving employees an additional 3.33 cents per hour in take-home pay;

3. The company's wage rates were third high in the industry, exceeded only by companies located in Detroit, Chicago and Buffalo; and

4. There were seven other competitors paying lower wages, some of which had settled union contracts that same year.

The company's concern with inflationary pressures was again expressed in a public announcement of its 1947 fiscal operating results:
"High costs of purchased material and parts had substantially increased this element in our unit cost. The company is still under considerable pressure by labor to increase wage rates unreasonably. The combination of these two situations sets a pattern which may affect operations in the current year."^{67}

Of specific concern to the company was the effect these pressures could have on hampering the market success of a recently introduced, completely redesigned product.

The company's final position for a settlement was given to the union on April 28 for presentation to the bargaining unit. This proposal included, in addition to the previous proposals and tentative agreements, a total of ten changes, the most important of which was a five cents per hour wage increase with a wage reopener after October 1, 1948. In exchange for the inclusion of a wage reopener clause, the company demanded an absolute "No strike, no lockout" clause.

The union's reply to this proposal on May 3 was actually the first indication that there was a wide disparity (negative settlement range) in the parties' positions. The union's reply contained, not only a rejection of the company's proposal, but also eleven new items covering wage issues as a basis for settlement. Specifically among the eleven items in this proposal, the most important issues were contained in its demand for the following:

1. A wage increase of 15 cents per hour for hourly

^{67}Daily Dispatch, May 22, 1948.
rated workers and a 10 cents per hour increase for incentive employees; and

2. Wage increases made retroactive to April 1, the expiration date of the agreement.

The company, on May 4, informed the union that these wage demands were unacceptable and the company's proposal would be put into effect on May 3 so that negotiations and plant operations could continue until a final settlement was reached. The union's response to the company's reply occurred on May 10 when the strike officially began.

Considering the events as they transpired and the facts regarding the development of the parties' positions, there could be no doubt that the strike resulted from the existence of a negative settlement range within a distributive bargaining context. This conclusion is readily supported by the fact that:

1. The parties' attitudes had significantly improved as evidenced by the successful use of integrative bargaining;

2. The parties' successful use of integrative bargaining in uncluttering the distributive bargaining process as evidenced by the fact that the parties had discussed over 52 such issues, reached tentative agreement on several, and that only one of the union's final demands was amenable to the integrative approach;

3. After the meeting of April 19 and right up to the start of the strike, the parties were negotiating strictly on
monetary issues;

4. The publicly announced settlement referred only to the wage issue; and

5. The disparity between the final wage agreement (9 cents per hour increase for incentive employees and 11 cents per hour for hourly rated employees) and the parties' positions, especially the company's, right before the strike.

Contract Negotiations*

These four negotiations are considered together because of the manner of contract settlement, the circumstances surrounding the negotiations, and the reasons for the manner in which the contracts were settled.

Perhaps the most significant similarity in these negotiations was the fact that all were settled without the occurrence of a strike. While the issues varied in both complexity and seriousness during these years, there were several factors present which made a timely settlement the most probable outcome.

In attempting to identify those factors which made a major contribution to these settlements, it is well to first review the development of the parties' relationship. Referring again to Derber, Chalmers and Stagner's typologies of relationships, one could see in this period a relationship evolving from that of "quiescence" in 1948 into one of almost "repressed hostility" by 1955. The relationship at the time
of the 1949, 1950 and 1952 negotiations could probably be best identified by one of "quiescence" and that during the 1955 negotiations as bordering on "repressed hostility".

The main basis for this determination was the alterations in the parties' attitudes and their ability to discuss and resolve several serious and complicated issues, and a changing balance of power brought about by union instability at a time when the company's bargaining strength was increasing. The most influential of these factors in shaping the relationship was the union's inability to stabilize its position as the employees' bargaining representative. This conclusion is based primarily on the fact that as the union's instability continued, its influence waned which, in turn, soured its attitude.

The union's instability manifested itself in outside union raids on the U.E.F.E.'s bargaining unit and the inability of the U.E.F.E. to expand its original bargaining unit to include other local unorganized company plants acquired during the late Forties and early Fifties. These unstabilizing events in chronological order were as follows:

1. In March, 1949 the National Labor Relations Board (hereafter referred to as the N.L.R.B.) held a consent election at the request of the I.A.M. for representation rights covering all toolroom employees. In August of that year, the N.L.R.B. certified the I.A.M. as the toolroom employees' chosen representative.
2. In May, 1952, while the 1952 negotiations were underway, the I.A.M. filed a petition with the N.L.R.B. to separate the maintenance employees and their helpers from the U.E.F.E.'s production unit and place them in a separate craft unit. The I.A.M. was not successful in this attempt, the N.L.R.B. ruling in September, 1952 that there was not sufficient skill in an identifiable craft to justify separation.

3. In February, 1954 the U.E.F.E. attempted unsuccessfully through an N.L.R.B. consent election to organize one of the company's newly acquired manufacturing facilities in an adjacent city.

4. In April, 1955 a local of the United Automobile Workers' Union petitioned the N.L.R.B. for an election covering the entire production and maintenance bargaining unit. This election was expedited due to the rapidly approaching expiration date of June 1, 1955. On May 25, 1955 the N.L.R.B. made the determination that the U.E.F.E. remained the above employees' chosen bargaining representative.

In addition to the aforementioned difficulties, several other occurrences made the union's position uncertain. In January, 1950, the XYZ Company announced that it had been acquired by a company located in the South and would continue to operate as a division of this parent company. While the parties, with whom interviews were held, did not comment on the impact of this change, it could be assumed that it did nothing to enhance the union's perception of its own security.
The last element in the union's questionable position concerned the problem of securing members. Several present employees, who were union stewards at various times during this period, when interviewed said that efforts to recruit new employees into the union were often unsuccessful because of the national attention the union was getting for communist infiltration and domination.

While the early effect of this instability on the union's attitude was minor, the cumulative effect of frustration by 1955 served to make the union somewhat dissatisfied with the relationship. The conclusion, however, that the parties' attitudes remained positive in the early part of this period is evidenced by their use of integrative bargaining in several situations. In November, 1950, some six months after settling the 1950 contract, the parties were able to agree on extending this agreement one year, to 1952, by agreeing on a cost-of-living clause which would increase wages one cent for every 1.14 point increase in the cost of living. In the 1952 negotiations, the parties were able to completely revise the incentive system and basic wage plan, which involved both monetary and contract language implications.

As already indicated, it was not the union's continuing instability per se that affected its attitude, but rather the effect of this instability on the union's influence in the relationship which precipitated the somewhat negative attitude. The fact that the union's attitude was affected by its
dissatisfaction with its depth of influence is evidence of the veracity of Derber, Chalmers and Stagner's conclusion regarding this point. The conclusion that this instability weakened the union's influence and bargaining position is based on the obviously weak internal support the union had to rely on for bolstering its position. The fact that the employees had suffered through strikes in 1946 and 1948 probably further weakened this position in that the union would not want to further endanger its position by calling the employees to strike over issues of questionable value.

The specific effect of the union's weakened position in a distributive bargaining context was that it increased the union's perception of its own strike cost, which in turn affected its goals and resistance points. The fact that the union's problems were so apparent acted to further weaken its position in that it could not be shielded from its opponents' attention. In terms of Walton and McKersie's distributive bargaining model, the union's situation could be explained thusly:

"The higher the union's strike cost, the lower the union's estimate of the probability of success. . . . the higher the value the opponent places on his strike costs, the lower will be his resistance point."

From this Walton and McKersie conclude one of the parties'
main tactical assignments is "to manipulate the strike costs of the party and the opponent." 70

In contrast to the union's position and also in further detriment to it, the company was making considerable progress in its overall operations. Company sales from 1946 to 1955 almost tripled, while profits remained at about the same percentage of gross sales. Obviously the company had made a successful transition from predominantly government contract work to the commercial, industrial and school markets it had been in prior to the war. This degree of operational success, plus the addition of experienced industrial relations men, Mr. Burns in 1946 and Mr. Doud in 1952, acted to enhance the company's bargaining capabilities. While, as Mr. Maloney indicated, Mr. Doud, unlike his predecessor, engendered some degree of union distrust, other circumstances prevailed in bringing about a strike-free settlement.

This situation where the union position became seriously weakened and the company's stronger could be seen as an ideal situation for discarding the union altogether. Upon closer examination, however, there were factors present which inhibited the company from taking full advantage of its position. First, the strikes of 1946 and 1948 and the losses they engendered were still fresh in the mind of management. The extent of such losses was pointed out by Mr. R. Brown in

70 Ibid., p. 60.
his public announcement of fiscal 1948 operating results:

"A strike of factory employees during the first quarter contributed to an operating loss of approximately $158,000 for that period." 

Of equal importance was the fact that, during the late Forties and early Fifties, the company was introducing completely redesigned products to peacetime markets, the success of which could have seriously been endangered by a work stoppage. The third factor holding the company in check was the fact that, basically, the union-management relationship had improved to such an extent that the company was more concerned with improving operations within the confines of a contract than with the possibility of ousting the union altogether.

The resulting effect of the restrictions operating on the parties was a positive settlement range between their resistance points. While the union's demands were restricted by its problems of instability, the company's goals were held in check by the cost of a possible strike, the credibility of which was enhanced by previous strike experience, and the demands of adjusting to changing market conditions. The conclusion that the union's position was relatively weaker is substantiated by the magnitude of the monetary settlement in

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1949 and 1950 relative to the earlier settlements.\textsuperscript{72}

While the 1949 and 1950 negotiations are adequately explained by the above discussions of the parties' attitudes and the development of the parties' positions within a distributive bargaining context, the settlement of the 1952 and 1955 negotiations were somewhat more unusual.

In 1952 the union entered negotiations with a demand for a 15 cents per hour increase for hourly rated employees and a 5 cents per hour increase for incentive employees. The company countered this demand with a proposal "that any additional wage increases should be used toward a correction of the fundamental weaknesses in the present wage plan and rate structure."\textsuperscript{73} The company's final proposal, while only granting an immediate increase of 4 cents per hour, involved a major revision in the wage structure, a new incentive plan involving extensive contract language changes, all of which involved an additional increase of 6 cents per hour and increased earnings potential under the incentive plan.

Because contract language and monetary issues were so intertwined in this proposal, and because the union also recognized the need for vast improvements in the company's

\textsuperscript{72}Referring to Appendices C and D respectively, in 1949 a 5 cents per hour increase was given incentive employees, and a 7 cents per hour increase to hourly rated employees. In 1950 a 5 cents per hour increase was granted to all employees.

\textsuperscript{73}The XYZ Company's proposal to the Wage Stabilization Board dated June 8, 1952.
total wage plan, the parties were able to apply mainly integrative bargaining techniques in reaching agreement within a positive settlement range. It could thus be concluded that, while the relative strength of the parties' bargaining positions was influential to the degree that it established a positive settlement range, it was the parties' mutual recognition of major internal and external wage problems and a desire to resolve it that led to a settlement arrived at mainly via integrative bargaining.

As previously noted, by the time of the 1955 negotiations, the external challenges to the union's position had engendered a somewhat hostile attitude. It was the combined effect of this hostility and the following factors which supported a relationship bordering on "repressed hostility": (1) slightly increased union strength which resulted from its withstanding the challenges to its position; and (2) the perception of Mr. Doud as somewhat antiunion and thus the need to deal with him cautiously. It was because of this hostility, and the parties' relationship, that the probability of a strike-free settlement could be seen as somewhat diminished. In addition to the wage offer, the company's offer to allow the union representation rights, upon evidence of a majority interest, over employees the union had sought unsuccessfully to organize in 1954, certainly played a key role in bringing about the settlement.

For the union, this offer to expand its bargaining
unit represented an important opportunity to bring about a greater degree of stability and thus strength. The company's rationale in making such an offer was that there was always the probability that these employees would be organized at some time and, this being the case, one union representing all local employees, under one contract with one expiration date, would be preferrable to getting an unknown union with a different contract and expiration date, thereby increasing the strike hazard. The influence of this offer in bringing about a settlement should be taken as evidence that the union's needs for institutional security and/or self enhancement does at times and to some degree, take precedence over the needs of the represented employees.

The contracts of 1949, 1950, 1952 and 1955 were settled without strikes for the following reasons: (1) the effect of restrictions on the parties' positions which resulted in placing their goals and demands within a positive settlement range; and (2) the existence of somewhat positive attitudes during the early part of this period which made integrative bargaining possible during that time.

1957 Contract Negotiations*

During the two year period after the signing of the 1955 agreement, several changes transpired which were to have

*See Appendix G for a detailed list of negotiated changes.
grave effects on the 1957 contract negotiations. After approximately nine years of relative peaceful relations, a nine day strike became necessary before an agreement could be reached.

In December, 1955, six months after the signing of the 1955 contract, the local U.E.F.E. membership voted to change its affiliation to the I.A.M. This move came about, as related by Mr. T. Maloney, because of the refusal of the U.E.F.E.'s national organization to agree to an anti-communist pledge and thus affiliate with the AF of L-CIO. It was also pointed out by Mr. Maloney that while the local union could have switched its affiliation to several national unions, it chose the I.A.M. due to the greater degree of local autonomy allowed by this national. This switch in the local's national affiliation, plus the influence of winning the 1955 election, which reaffirmed its bargaining rights, and the influence of expanding its bargaining unit in the 1955 negotiations all contributed greatly to strengthening the union's position among the bargaining unit. This renewed strength from the bargaining positions. The enhancement of the union's position during these years brought about a change in the character of the union-management relationship.

In review, it will be remembered that, at the time of the 1955 negotiations, the parties' relationship was typified as almost "repressed hostility" due to the weakness in the union's position. As its position became more solidified, one
could see in the union's approach a demand for a larger role in the relationship. By the time of the 1957 negotiations, the union's position had become strengthened to the point that previous inhibitions no longer hampered its bargaining power. It was, thus, this increased strength, the somewhat negative attitudes engendered by the frustrations of an inferior position in the relationship, and the desire to enlarge its role in this relationship, that made the relationship at this time most typical of a transitional phase in Derber, Chalmers and Stagner's typology. According to these authors' continuum of relationships, this phase would be somewhere between "repressed hostility" and "extensive joint participation".

While the union was undergoing internal changes, the company was doing likewise. Since the mid-Fifties, new products and redesigned products had become a way of life. In an effort to stay abreast of market conditions, technical as well as design changes had to be made. These changes alleviated a sales problem, that of maintaining the company's share of the market, but it created another within the manufacturing organization. Just as took place after World War II, product changes were being made faster than industrial engineering could establish incentive standards. The result of this situation was that the company's incentive employees were spending a great deal of time on work suited to incentive standards.

The main issues that arose during these negotiations
were a result of the aforementioned; that is, the union's attaining a greater degree of stability and desire for a larger role in the relationship and the failure of the incentive system to provide opportunities for higher earnings. In addition to direct wage increases, the union demanded a union shop clause and a premium rate specifying average earnings for incentive employees who, through no fault of their own, were forced to perform on non-incentive work.

The union had attempted in past negotiations to obtain a union shop agreement, but had been unsuccessful because of its own instability. Management had been successfully able to avoid such a provision. Management was successful because there was a sizable group of employees who were not members of the union and who did not desire to become members, and because the company was simply in a better bargaining position. However, the union now considered the union shop a necessary culmination of its efforts toward complete and total recognition as a member of the industrial relations environment. In contrast to previous years, the union perceived adequate bargaining unit support to obtain this demand. Since it was the union, itself, that was bearing the brunt of its inferior role, it could be assumed that this demand was primarily an institutional one. Thus, to the degree the union had to sacrifice other benefits in winning this issue, its own needs took precedence over those of the employees. Certainly such
a conclusion substantiates other authorities' findings that a union's need for self-enhancement or preservation will at times take precedence over the employees' needs.

The union also had to vigorously support the demand for premium pay for incentive employees on non-incentive work due to the fact that: (1) a majority of the employees were in incentive job classifications, and (2) because these employees had in fact suffered a substantial loss in earnings due to a lack of incentive opportunity.

The company's position in opposing the demand for a union shop was for the most part based on principle. While management did recognize the fact that more employees had been joining the union, it also saw a group of employees who were not joining and who, it felt, had a right to choose whether or not to become union members.

In responding to the union's demand for a premium rate for incentive employees on non-incentive work, the company could only recall the prime role such premium payments played in the failure of the old incentive system that had to be revised in 1952. Under the old system, premium payments had resulted in incentive employees seeking every opportunity to work under non-incentive conditions. The union's demand in this negotiation for an average earnings premium rate would have provided even a greater motivation than under the old

\[74\text{ See page 16.}\]
system for these employees to do exactly as before.

In terms of Walton and McKersie's distributive bargaining model, there definitely appeared to exist a positive settlement range in which the parties could have reached agreement. The basis for this conclusion is the fact that tentative agreements had been reached on other sizable monetary increases prior to a strike with the one exception of premium pay for incentive employees on non-incentive work. As implied in the earlier discussion, and as related by Mr. Stevens, group manager of the Division at that time, this issue was not resisted so much for its immediate cost implications as it was for its potential long range undermining effect on a successful incentive program. The issues which thus gave rise to the strike were not of a monetary nature, but were concerned with the principles of the premium pay and union shop issues.

One could well ask at this point whether these issues could have been resolved through integrative bargaining, and if so, why weren't they. While relationships characterized by somewhat hostile attitudes would not be especially conducive to integrative bargaining, the issues involved also were not amenable to such bargaining. First, for integrative bargaining to be possible, the issues have to be expressed in terms of a mutual problem. While the problem of large amounts of non-incentive work could have been approached in this manner, the problem of union security was unique to only one of the parties. Second, the element of compromise which is an
inherent characteristic of the integrative bargaining process would not be compatible with resolving disagreements based on principle.

While Robert Dubin's theory of conflict and power in union management relations\textsuperscript{75} is not specifically under study in this thesis, the reasons just cited for the failure of integrative bargaining serve to support this theory. Dubin predicted in his theory that the probability of open dispute over fundamental issues would be greater when there is a relative equality of power. In this case the union's position in this negotiation had become strengthened to the point that it felt it had the necessary support to win its demands for a union shop and premium rates for incentive employees on non-incentive work.

Since the strike was of such a short duration before the company made a major (but not complete) concession, one might logically assume it had failed to properly evaluate the importance of the union's demands.\textsuperscript{76} While this could be a logical explanation in some cases, it was not the answer in this situation. As Mr. Stevens indicated, the company knew full well what the major issues were, but for reasons already stated, was not willing to concede to the demands. In effect, the company's strategy included the possibility of taking a


\textsuperscript{76}See page 26.
strike if necessary to support its position. While not verbalized as such, the strategy as depicted by Mr. Stevens involved forcing the union to perceive its strike costs as greater than the utilities of obtaining its demands. The union, on the other hand, was trying to convince the company of the same thing. It could thus be concluded that the strike was a result of each party's failure to convince the other that the cost of a strike was greater than the utility of sticking to its position.

One could well ask at this point if the company's position, as one of "principle", was so adamant on these issues, then why were major concessions made after only a nine day strike? The explanation for this move did not evolve from any logical strategy, but was actually the result of an odd turn of events. Mr. Stevens, who played a key role in the determination of the company's position, was out of the country at the time the strike began. In his absence, company officials at the parent company location gave the directive to settle the strike under the best possible terms as quickly as possible. While this directive was not consistent with the company's initial strategy, it resulted in the two issues being settled and the strike concluded.

1959 Contract Negotiations*

Unlike the negotiations in 1957, the 1959 negotiations

*See Appendix H for a detailed list of negotiated changes.
were not burdened with similar burning issues. The settlement of the premium pay question for incentive employees, while certainly costly, did not produce the same disastrous results as occurred under the old incentive system. In addition, the union security agreement did not bring about any dramatic changes in the relationship. Certainly the lack of such issues had a positive influence on the parties' ability to arrive at a strike-free settlement.

By the time of the 1959 negotiations, the parties' relationship had developed well into Derber, Chalmers and Stagner's typology of "moderate joint participation". The characteristics of the relationship which warrant this particular typology were: (1) a moderate degree of union influence, and (2) the presence of generally favorable attitudes on the part of both parties. Union influence in the relationship had increased due to the effect of its several internal changes in increasing bargaining unit support.

The conclusion that the parties' attitudes were generally favorable, at this time, was based primarily on their ability to apply integrative bargaining to negotiate the splitting of the bargaining unit in January, 1959, some six months prior to contract expiration. This agreement was precipitated by the company's separating the XYZ Division into separate organizational entities. The separation involved one organization for defense contract business, and the other for handling all commercial and industrial products.
The basis for the above agreement was that, in exchange for splitting the bargaining unit along the same lines as the new company organization, the company would recognize the union as bargaining representative over employees at the company's last unorganized plant, upon a show of majority interest. While the parties' use of integrative bargaining in reaching this agreement was indicative of positive attitudes at that time, the benefits that accrued to both parties out of this agreement would certainly indicate that at a minimum a positive atmosphere was created for the ensuing negotiations.

While the parties' general attitudes towards each other were positive, there was one factor present which obviously strained the relationship. As indicated in Chapter II, Mr. Nichols, who had joined the company in mid-1957, had become deeply involved in the union-management relationship by the time of this negotiation. During this time his apparent over-reactions and indecisiveness had become a thorn in the union's side. Issues got blown up out of proportion and settlements were unduly prolonged. It appeared that it was only Mr. Doud's (Mr. Nichols' predecessor and superior) stabilizing influence that kept this situation from reaching serious proportions.

In discussing this relationship and the role of the parties' personalities in establishing it, there are two major points to be made. Authorities in the field who dwell on a typological approach tend to think that a particular union-
management relationship progresses uninterrupted through various stages in finally reaching a plateau of complete joint participation. The relationship pattern as discussed in these past negotiations, however, tends to indicate that, either there is some vacillation between various stages in progressing to this high level of "joint participation", or the gray areas between stages have distinct characteristics, possibly dissimilar from the adjacent stages.

Another obvious conclusion to be drawn from this discussion concerns the role of the parties' personalities in influencing a relationship pattern. Mr. Nichols' lack of self-confidence, as indicated by the ABC Consulting Agency was certainly evident in this relationship, as evidenced by his reluctance, hesitancy, or inability to commit himself to a position. This shortcoming apparently caused agitation among the bargaining unit, which in turn, kept pressure on the union. It could thus be concluded that a lack of self-confidence on the part of either parties' representatives strains a relationship in that problems take an unduly long time in getting settled.

While the union-management relationship had improved since the 1957 strike, the company's business by 1959 began showing the effects of a recession which had started in 1958. The gross sales of the XYZ Division declined below those of

77 See page 49.
1955 with profits also declining.

The only major issues to arise during this negotiation concerned monetary items. The union's main demands centered on a substantial wage increase, improvements in the insurance program, and, again, as in 1957, a demand for average earnings for incentive employees on non-incentive work. The basis for these demands was a result of unfavorable comparisons with a local farm implement company's wage and benefit plans.

The company's position on the wage issues was the result of forces pulling in opposite directions. On the one hand, the fact that business had been poor due to a slight economic recession acted to increase the company's resistance point. On the other hand, there were the following factors acting to lower this resistance point:

1. The need to maintain wage scales competitive in the local labor market;

2. The fact that management had forecasted an upswing in the economy which offered the potential of increased sales and profits. Management, in turn, did not want to endanger this by the occurrence of a strike, and;

3. The union's increased strength and thus capability to call a strike, as demonstrated in 1957.

It is noteworthy that Torff's conclusions regarding the manner in which the parties establish their positions are again borne out by the above data; that is, the parties select the criteria for establishing positions opportunistically, and
that the criteria used may vary from one negotiation to another. It should also be noted that the specific factors used are somewhat different than those used in the previous negotiations. The union, at this time, was not referring to the cost-of-living to justify an increase\textsuperscript{78} (due to the effects of a recession in holding down the cost of living), while the company was using the effects of the recession as a basis for tempering the union's demands.

In terms of Walton and McKersie's distributive bargaining model, it certainly appeared that the parties' resistance points, which resulted from the influence of the above factors, formed a positive settlement range in which an agreement could be reached. Considering the substantial increase that was finally given (substantial considering that a recession was in progress and that the wage increase alone amounted to approximately 9\% over two years) it appeared that it was the company's eagerness to avoid a strike that brought the parties' positions together within this settlement range.

In summary, it appears that the following factors were of major importance in the parties' reaching a strike-free settlement in 1959:

1. The effects of an improved relationship in creating a positive atmosphere for negotiations, and in allowing the parties to focus their attention on the issues rather than on

\textsuperscript{78}The cost-of-living clause agreed to in 1950 was dropped as part of the 1952 contract settlement.
unfruitful interactions such as power plays;

2. The fact that no issues of "principle" or ideology in 1957 came up in the preceding two years to deter an agreement; and

3. The conclusion that the parties' positions, as influenced by previously mentioned factors, were within a positive settlement range thus increasing the probability of a timely settlement.
CONCLUSIONS

While the field of Industrial Relations was late in being recognized as an area worthy of special study, much has been accomplished in the last forty years in furthering knowledge of the dynamics of this field. Specifically, a great deal of the research has focused on one primary process within the industrial relations field - the collective bargaining process. As pointed out in the Introduction, the purpose of this study was to further the present understanding of this process by testing several of the more reknown theories of the dynamics of collective bargaining.

Specifically, an attempt was made in this study to identify those variables which are determinative of the outcome of collective bargaining; that is, a strike or timely settlement. In pursuit of this objective, special attention was given to validating Walton and McKersie's "distributive" and "integrative" bargaining models, and Derber, Chalmers and Stagner's continuum of relationships and the effects of these relationships on collective bargaining. The data from which conclusions were drawn resulted from an analysis of some nine separate contract negotiations at one company over a 17 year period.
As a result of this study, it is fair to conclude that Walton and McKersie's distributive and integrative bargaining models are reliable as theoretical constructs of the collective bargaining process. Within the distributive bargaining process the parties were shown to have two major points of reference corresponding to Walton and McKersie's terms of "goals" and "resistance points". As Torff had found, these points were determined by the parties' selective use of contrasting criteria which varied from one negotiation to another. Torff's conclusion that the parties' opportunistic selection of various criteria increasing the probability of a negative settlement range was probably most amply illustrated in the 1946 and 1948 negotiations.

Once the parties had settled on their positions, the negotiating sessions served the function of chances to alter these positions. As stated in Chapter I, Walton and McKersie borrowed the terms of "utility", "subjective probability" and "subjective expected utility" from decision theory in explaining this negotiating process. Because the contract negotiations utilized in this study occurred as many as 26 years prior to this writing, the data necessary to examine this process of altering expected utilities as Walton and McKersie theorized were not available.

Walton and McKersie's theory that the parties to collective bargaining settle issues outside a distributive context was also validated in this study. It was shown,
especially in the 1948 negotiation, that under certain conditions the parties were able to settle issues within an integrative context. The one condition that appeared most important for integrative bargaining to be effective was a relationship consisting of mutual trust and positive attitudes. Without these attributes in the relationship, the other conditions depicted as necessary for integrative bargaining to be effective, namely a free flow of information, motivation, and a supportive climate, appeared to be stifled.

The one area, outside of economic issues, where integrative bargaining does not appear to be feasible is on issues involving "principles" or "ideologies". The failure of integrative bargaining for settling such issues was demonstrated in the 1957 negotiation where a work stoppage occurred over the parties' inability to settle the issues of union security and premium pay for incentive employees. The reason for the failure of integrative bargaining on such issues is apparently due to the extreme difficulty or impossibility of the parties to view the issue as a common problem.

As a part of this study, Derber, Chalmers and Stagner's continuum of relationships was reviewed for its validity in depicting the manner in which collective bargaining relationships develop and for its implications for the collective bargaining process. As a result of the analysis in Chapter III, several conclusions appear justified. The continuum of
relationships as developed by these authors does not appear to be reflective of the manner in which a collective bargaining relationship develops. As the authors, themselves, suggested, their data was apparently biased by the fact that all the relationships in their study were analyzed at a specific point in time instead of over a lengthy time interval. Specifically, in the relationship under study, it appeared that a stage of "repressed hostility" and "hostility" preceded the stage of "moderate joint participation" instead of following it.

Due to the inconsistency of this data with that of Derber, et al, this author concludes that in a continuum of relationship patterns, each significant stage of increased joint participation is quite possibly preceded by repressed hostility and then hostility. This conclusion is prompted by the fact that levels of joint participation involve some remission of one of the parties (generally management) ability to take unilateral action. This ability to initiate action has historically been conceived of by management as an "inherent right" which it has obviously not given up easily. The initial reaction to this hesitancy is probably repressed hostility due to the uncertainties (both legal and strategic) of the union's position in overcoming this block.

The second major point that came out of this review of relationship patterns was that the tone of the parties' relationship appeared to be a determinant of alternative bargaining methods available to the parties. As was pointed out in
the 1946 negotiations, a relationship characterized by hostility, suspicion and distrust limits alternative bargaining methods in that true integrative bargaining is not possible. Thus, as in the case of issues involving principles, a poor relationship forces the parties to negotiate all issues within a distributive bargaining context.

Other relevant conclusions regarding factors important to the conflict-free settlement of contract negotiations which came out of this study were as follows:

1. Rees' conclusion that there is a relationship between the business cycle and the tendency for the parties to develop incompatible expectations was validated by the outcome of the 1948 negotiations;

2. A relationship of hostility quite possibly affects the union's militancy and willingness to strike as Beal and Wickersham concluded;

3. As other authorities in the field have concluded, the union's institutional needs for self-enhancement and preservation does at times take precedence over the employees' needs; and

4. The personalities of the negotiators, themselves, have more of an indirect affect on negotiations through the resulting relationship than a direct affect.

As mentioned in Chapter III, certainly there are other factors that were not reviewed in this study which come to bear upon the collective bargaining process. Research in
the area of perception and communication would obviously be
two fields having implications on this process. It was only
because the data available in this study was not adequate to
consider such factors that they were excluded.

As a result of using the methodology in this study, an
interesting sequel would involve studying several negotiations
as they are in process. Such a study would allow a detailed
analysis of the applicability of decision theory to collective
bargaining, an arithmetical analysis of the parties' "goals"
and "resistance points", and some insights into the role of
perception and communications.
APPENDIX A

1946 Negotiated Changes

I. Wages

A. In the first year incentive workers' base rate was increased 18.5 cents per hour, which would generate a total increase of approximately 22 cents per hour when the incentive workers' efficiency would also be computed on this basic increase. For those employees on hourly rated jobs, a 18.5 per hour increase was simply added to each individual's hourly rate.

B. In the second year a 15 cents per hour increase was granted to both incentive and hourly rated employees. However this increase was not included in the base rates, but was computed separately for all hours worked. For incentive employees this would simply mean that they would not generate additional earnings by multiplying their incentive efficiency by a higher base rate.

C. The shift premium was changed for third shift employees from 5 cents per hour to 7 cents per hour while the second shift premium remained the same at 5 cents per hour.

D. A paragraph was added in this contract to make merit increases within the established rate ranges a function
of management, but with another provision which allow the union to grieve on such increases.

E. The "piece rate plan" was updated and several new paragraphs were added to the contract in way of explanation and improvements for the employees.

1. Incentive employees were guaranteed that an established rate would allow them to perform at a minimum of 120 per cent.

2. Incentive employees were guaranteed 120 per cent of their base rate when assigned to specified types of day work.

3. A premium rate for hours worked on assignments where incentive standards were not available.

4. Contract language was added to cover pay arrangements for incentive employees temporarily transferred to an hourly classification.

5. A paragraph was added to protect incentive rates from being changed without specific changes in job content.

6. Incentive rates were also made subject to the grievance procedure in this contract.

II. Hours of Work and Overtime

A. A paragraph was added defining a work week in terms of its beginning and end.

B. Contract language was added to provide rest periods of ten minutes in the morning and ten minutes in the afternoon.
C. The following changes were made in overtime pay:

1. Language added to provide double time for over ten hours in one day instead of time and one-half for all hours over eight as in the 1943 contract.

2. Contract language added to pay time and one-half for all work on Saturday as such in lieu of the 1943 contract provision which only provided time and one-half for over 40 hours per week.

3. Double time was added for all work done on recognized holidays and Sundays in lieu of the 1943 provision which called for time and one-half.

4. The paragraph stipulating overtime computation for incentive employees was changed to state that their pay would be based on the total earnings in the week divided by the total hours worked. This language replaced the statement that overtime pay for incentive employees would be based on actual earned rates.

III. Non-discrimination

A. Contract language was added to prohibit discrimination on the basis of race, sex, and creed.

IV. Leaves of Absence

A. The one year limit on leaves of absence established in the 1943 contract for union business was dropped.

V. Seniority

A. The probationary period for new employees was changed from three months to two months.
B. The amount of time on layoff without loss of seniority was changed from 24 to 12 months.

C. The concept of the departmental seniority system was left unchanged, but the procedure for bumping under such a system was spelled out in detail in this contract.

VI. Temporary Transfers

A. The company added language making it management’s right to transfer employees where needed.

B. The union added language defining when such a temporary transfer becomes a permanent transfer.

VII. Discharge

A. A paragraph was added requiring the company to notify the chief steward the same day an employee was discharged.

VIII. Grievance Procedure

A. A sentence was added to the introductory paragraph to provide that any grievance settlement made directly between the employee and management would be non-precedent setting.

B. Language in the first step of the grievance procedure was changed to provide that the grievance be put in writing at the conclusion of this step if it were not settled. The 1943 contract provided for the writing of a grievance in its second step.

C. The time limits and the procedure for handling the grievance in the third step was spelled out in more detail.

D. Contract language was added to state that the cost
of arbitration would be borne equally by both parties.

IX. Union Business on Company Time

A. The 1946 contract increased the one hour allowance per week for union committeemen to the following allowances: grievance committee -- 2 hours per week; chief steward -- 5 hours per week; shop stewards -- 2 hours per week.
APPENDIX B

1948 Negotiated Changes

I. Wages
   A. A 9 cent per hour wage increase was granted to incentive workers and an 11 cents per hour increase was granted to employees on hourly rated jobs.
   B. The shift premiums were increased from 5 cents per hour to 7 cents per hour for second shift employees and the third shift premium was increased from 7 cents per hour to 10 cents per hour.

II. Vacations
   A. The vacation schedule was improved by giving employees with 15 years or more seniority 3 weeks vacation.

III. Seniority
   A. A system of classification seniority was established.
   B. The layoff procedure was formalized in the contract as to the order in which employees bump. This procedure recognized the new system of classification seniority.
   C. A paragraph was added in the layoff and recall section to the effect that employees refusing recall within 90 days into a job in the same labor grade would lose his
seniority.

D. Contract language was dropped on giving laid off employees a one year extension of their seniority after being laid off for a specified period of time.

IV. Transfers and Promotions

A. The permanent transfer language after one day was dropped and in its place language was inserted allowing the employee to refuse a transfer beyond the first day if work was available in his regular job classification.

B. Contract language was added specifying exactly how temporary transfers were to be paid.

V. Grievance Procedure

A. The second step of the grievance procedure was changed to allow the parties 48 hours instead of 24 hours to reach a settlement before processing the grievance on to the next step.

B. The third step in the procedure was altered to provide for the appropriate meeting within 72 hours instead of language which called for a meeting (preferably within 48 hours).
APPENDIX C

1949 Negotiated Changes

I. Wages

A. A 5 cents per hour wage increase was granted to incentive employees and a 7 cents per hour increase to hourly rated employees. The 5 cents per hour increase granted to incentive employees was not to be included in their base rates upon which incentive earnings could be generated.

B. The language on the merit increase system was changed to require a minimum increase of 5 cents per hour.

C. The language on the procedure to question incentive rates was formalized and went from a three step to a six step procedure.

D. The general categories of non-incentive work for which incentive employees would be paid at a special premium rate were increased from 7 to 19.

E. Two new job classifications were added and slotted within the grade structure.

F. The upper limit on one rate range was increased by 4 cents per hour.

II. Hours of Work and Overtime

A. Contract language was added to allow the company upon union agreement to schedule special work weeks.
B. A note was added to the overtime language allowing for special arrangements on overtime equalization.

III. Holidays

A. For the first time qualifications were added to the contract for determining eligibility for holiday pay.

B. Probationary employees, employees on layoff, retired employees, employees terminated, employees on vacation, and employees on a leave of absence were all excluded from holiday pay eligibility.

IV. Miscellaneous Language Changes

A. A paragraph was added to the preamble stating that it was the parties' intent to have the contract coincide with requirements of federal and state law.

B. The toolroom employees were excluded from the delineation of the bargaining unit.

C. Language was added to require that union stewards must have seniority, they could not be probationary employees.

D. Prior language allowing for strikes and lockouts after an exhaustion of remedies was changed to prohibit strikes and lockouts for any reason during the term of the contract.

E. The language specifying the checkoff procedure was altered to make it less formal. Also the amount of union dues and initiation fees was discontinued as a part of the contract.

F. The company agreed in this contract to furnish the union one bulletin board for its exclusive use.
1950 Negotiated Changes

I. Wages
   A. A 5 cents per hour wage increase was granted to both incentive and hourly rated employees. Again the 5 cents per hour increase was not included in the incentive employees' base rate.
   B. In November of 1950 the parties further agreed to a cost-of-living allowance which provided for a 1 cent adjustment for every 1.14 point rise in the cost-of-living index.
   C. Language was added to clearly specify the manner in which incentive employees would be paid when working on defective work.

II. Holidays
   A. Holiday pay for incentive employees was increased by approximately 20 cents per hour. This increase was the difference between incentive employees' base rate and the special premium rate paid for non-incentive work.

III. Vacations
   A. The calculation of vacation pay was changed from the average earning rate for incentive employees and the base rate for hourly employees to a percentage of annual earnings.
The percentages agreed upon increased vacation pay by .8% for all employees except those eligible for only one week vacation and their increase amounted to 1%.

B. The vacation eligibility rules were changed by requiring a minimum of 125 days attendance during the vacation year and the term "employee" was defined for vacation purposes.

C. The language regarding the scheduling of vacations was revised to allow employees to schedule vacations anytime during the year as long as it fit production schedules.

IV. Temporary Transfers

A. Contract language was clarified on incentive rate application for employees temporarily transferred to another job.

V. Grievance Procedure

A. The language covering the first step of the procedure was clarified as to the time limits and the manner of processing.

B. The third step language was clarified as to the state of a grievance prior to going to arbitration.
APPENDIX E

1952 Negotiated Changes

I. Wages

A. A general wage increase of 4 cents per hour was granted to all employees. This increase did not require Wage Stabilization Board approval and was considered apart from the proposal to the Wage Stabilization Board.

B. As a result of obtaining the approval of the Wage Stabilization Board the following changes were made in the wage plan:

1. The incentive plan was changed from a "Piece Rate Plan" to a "Standard Hour Plan".

2. The rate range and merit increase system was changed to a "One Rate Plan" for both incentive and hourly rated employees. This change involved freezing former increases which were paid as a bonus on top of hourly earnings and the earnings generated by the cost-of-living increases into the new base rates. These increases amounted in total to 40 cents per hour for incentive employees and 42 cents per hour for hourly rated employees. The total increase brought about by the change to a one rate plan in addition to the 4 cents per hour increase previously mentioned was
10 cents per hour.

C. The "Standard Hour Plan" and the "One Rate Plan" as approved by the Wage Stabilization Board also involved the following changes:

1. Incentive employees would no longer be paid a special premium rate for non-incentive work, but would be paid at the new base rates.

2. It was agreed that incentive rates would be set to generate 125% instead of 120% called for under the old plan.

3. Incentive employees would no longer be paid the special premium rate for holiday pay, but would be paid at their new base rate. This change would actually amount to a 6 cents per hour increase for these employees.

4. The elimination of all the provisions under the old contract which set forth the various types of non-incentive work for which employees would be paid at the special premium rate.

5. It was agreed that all rates were to be re-studied for the purpose of establishing the 125% earning potential and for the purpose of setting realistic standards in lieu of the loose ones which had been established under the old system.

6. It was also agreed that when incentive employees were temporarily transferred to other classifications, they would be paid at their base rate, the base rate of the
job to which they were transferred, or the incentive earnings generated on this job, which ever was highest.

II. Hours of Work
   A. The shift hours were spelled out in the contract.
   B. The fact that half hour lunch periods were provided was also spelled out in the contract.

III. Seniority
   A. The classification seniority system was refined by requiring three months time in one classification before gaining seniority in that classification.

IV. Grievance Procedure
   A. A paragraph was inserted in the third step of the procedure which allowed the company to enter the fact that there was a question of contract interpretation.

V. Leaves of Absence
   A. Language restricting an employee from working while on a leave of absence was eliminated from the contract.
   B. A one year limit was placed on leaves of absence except for employees on union business and then it was provided that they would not accumulate seniority beyond one year.

VI. Miscellaneous Language Changes
   A. Language was inserted limiting the type of materials union officials could post on their bulletin boards.
   B. Contract language was added which stated the company would post all vacant jobs before hiring a new employee.
APPENDIX F

1955 Negotiated Changes

I. Wages

A. A 10 cents per hour wage increase was granted to all employees in the first year and a 5 cents per hour wage increase was granted to all employees in the second year.

B. A 3 cents increase was granted to the existing premium for second shift employees which made the shift premium for both second and third shifts 10 cents per hour.

II. Vacations

A. Vacation eligibility requirements were changed from 125 working to 150 working days.

B. The three days vacation plus the applicable pay for employees with less than one year of seniority was eliminated.

C. Employees with 10 to 15 years of service and who had two weeks of vacation coming were given an additional 1% of annual earnings for vacation pay.

D. Employees with 15 years seniority and entitled to three weeks vacation were also given an additional 1% of annual earnings for vacation pay.
III. Holidays
   A. One additional holiday was added bringing the total to 7.
   B. Special qualifications were added for the Christmas and New Year holidays.

IV. Seniority
   A. Language was added making probationary time not cumulative in a 12 month period.

V. Leaves of Absence
   A. The freeze after one year on the accumulation of seniority for employees on union business leave was eliminated.

VI. Miscellaneous Language Changes
   A. Paragraphs dealing with company and union discrimination on the basis of union membership was deleted.
   B. The basis for the number of stewards was changed to coincide with the number of specified departments.
   C. The language under the incentive system was altered to make it the responsibility of the chief union steward to ask for removal of incentive rates put in question.
   D. Language was added to give shift preference to senior employees.
   E. The language specifying the bumping procedure was simplified and allowed for both a classification seniority system and then plantwide seniority.
   F. Language was modified to give the company one day to notify the chief steward of any discharge in lieu of the old requirement of notification on the same day.
APPENDIX G

1957 Negotiated Changes

I. Wages
   A. A 10 cents per hour wage increase was granted to all employees in the first year and a 7 cents per hour wage increase was granted to all employees in the second year. An additional 8 cents per hour increase was granted to employees in hourly rated classifications.
   B. An arbitration was added as a final resort on questions of pay rates or new or changed jobs.
   C. Three job classifications were upgraded.

II. Insurance
   A. A major medical provision was added to the life insurance program with employees paying a percentage of the premium cost.

III. Incentive Plan
   A. A new provision was added which would result in incentive employees being paid a special rate (this rate amounted to 14 cents above base rate) for three general categories of non-incentive work.

IV. Holidays
   A. The holiday qualifications were changed to grant probationary employees pay for holidays falling within their
probationary period once they had completed probation.

V. Hours of Work

A. Language was added to allow the company to change the shift hours as specified in the contract with union agreement.

VI. Grievance Procedure

A. The language in the second step of the procedure was changed to provide that the parties involved would include the chief steward and personnel supervisor instead of the plant superintendent.

VII. Miscellaneous Language Changes

A. The language specifying the extent of the bargaining unit was altered to include two additional plants and one warehouse.

B. The checkoff provision in the contract was altered to provide for automatic renewal of checkoff from year to year.

C. A new provision was added which called for a maintenance of membership agreement.

D. The language governing the number of union stewards was changed to allow one steward for each foreman and assistant foreman rather than one steward per department.

E. Language was added to provide that overtime was to be equalized among full time employees.

F. Language was added to specify a morning and afternoon rest period.

G. The company agreed to pay five dollars for the price of prescription safety glasses.
APPENDIX H

1959 Negotiated Changes

I. Wages
   A. A wage increase of 15 cents per hour was granted to all employees in the first year and an 8 cents per hour increase was granted to all employees in the second year.

II. Vacations
   A. The eligibility requirements for vacation benefits were changed back to the 125 working day requirement.

   B. Employees with 10 years seniority were granted the third week of vacation.

   C. The contract language covering the timing of vacations was altered to allow the company to shut down during the summer months for the purpose of vacations.

III. Insurance
   A. The following changes were made in the company’s insurance program:
      1. Life insurance was increased from $1,000 to $3,000.
      2. Accidental death insurance was also increased from $1,000 to $3,000.
      3. The weekly sickness and accident benefit was increased by $10 per week for a total of $50.
IV. Seniority

    A. A clause was added which disallowed salary employees, who had never been in the bargaining unit, to accumulate seniority subsequent to June 1, 1959.

    B. Several minor references to the old departmental seniority system were deleted from the contract.

V. Miscellaneous Contract Changes

    A. The recognition provision in the contract was changed to show the split off of the defense products plants into a separate bargaining unit.
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