Learning Objectives

Upon completion of this unit, students should be able to:

1. Discuss mediation, fact-finding, and interest arbitration.
2. Discuss nontraditional dispute resolution.
3. Discuss key organizations and agencies involved in impasse resolution.
4. Trace and discuss the effects of unions on wage increases.
5. Discuss union effects on employment conditions.
6. Discuss union effects on wage administration.
7. Discuss union effects on fringe benefits.
8. Discuss union effects on quit rates.
9. Discuss union effects on work rules.
10. Explain management’s response to work rules.

Written Lecture

This unit begins with a description of the three major impasse resolution procedures—mediation, fact-finding, and interest arbitration. The use of these procedures has varied extensively. Mediation has been commonly used in both the private and public sectors. Fact-finding and interest arbitration, in contrast, have been used in the public sector, with only a few exceptions. The procedures also vary in the degree to which they constrain the actions of labor and management. At one extreme is mediation, where the parties can, and sometimes do, either dismiss the mediator or ignore the advice given. At the other extreme is binding interest arbitration where the parties must follow the decision of the arbitrator. The purpose of any impasse resolution procedure is to help the parties achieve a contract settlement that both labor and management find acceptable and a settlement that helps sustain a successful labor-management relationship. Good mediators, fact finders, and arbitrators understand the issues that divide labor and management and have the ability to offer creative solutions to these problems.

For those engaged in collective bargaining and those who are trying to understand its consequences, the impact of collective bargaining agreements on employment outcomes is of critical importance. This unit continues the analysis of the middle (functional) tier of collective bargaining by examining the effects of collective bargaining on wages, working conditions, and other employment conditions of union and nonunion employees; it is possible to estimate the average effects of collective bargaining. Then, by looking within the union sector, we can explore the considerable variation in union effects that reflect differences in quality of the union-management relationship. Another way of understanding the effects of unions and collective bargaining is to examine trends over time to see how labor and management have responded to the environmental pressures outlined in earlier units. The decline in unionization experienced in the past decade makes this an especially revealing and important source of information on the effects of collective bargaining and the implications of its decline for American workers, firms, and society.

Rather than provide an exhaustive analysis of all the different ways bargaining affects employment conditions, the end of this unit focus on union effects that are either the most common or the most controversial.