Mgt 485/WmRoss

Document (HP): MGT-Morning Glory\_Bakery\_v\_UFCW\_2020~485

Last modified: January 13, 2020

MGT 485 Negotiation Exercise; Information for MANAGEMENT Negotiators:

Morning Glory Bakery

vs.

United Food & Commercial Workers’ Union, Local 1189

*Background:*

This mock negotiation exercise is *loosely* based on an actual company (its name has been changed) and one of its labor unions (its name has not been changed): Assume that the United Food & Commercial Workers’ Union, Local 1189 represent all regular full- and part-time employees of Morning Glory Bakery in Rochester, Minnesota. This includes employees working in sales (including mail-order sales, route sales, and delivery van drivers traveling to stores in nearby towns), wrappers (people who put baked goods in packaging), fryers (think: donuts), and bakers’ helpers.

The firm also owns the Morning Glory Deli (12 employees; two managers) in Owatonna and is also considering an expansion into the twin cities with the prospective purchase of Swedish Crown Bakery (6 employees; two owner-managers) (<http://swedishcrownbakery.com/> ). Assume that the union does not currently represent any of those employees. If the latter bakery is purchased, new delivery drivers may be needed.

Morning Glory Bakery is a privately held company, which limits access to financial information about the firm. The business has been growing in recent years: **Therefore, for this class exercise, we will assume that the union represents 25 people and Morning Glory Bakery has revenues of $2.5 million**.

For simplicity sake, assume that 20 of the 25 employees in the bargaining unit currently work 40 hours per week (2,080 hours per year) and five employees work part-time (20 hours per week or 1,040 hours per year). There is only one shift. The union’s website is: <http://www.ufcw1189.org/>

Assume that the UFCW is negotiating a new collective bargaining agreement (contract) with the Morning Glory Human Resource (HR) office. Further assume that the contract was set to expire on January 15, 2020. However, for the purpose of this exercise, **assume that the parties agreed to an extension and that the contract will expire at 11:59 p.m. on May 5, 2020.** Both sides now want to finish contract negotiations. The union members are growing restive—if they don’t get a contract soon, they may stage an unauthorized strike (a “wildcat strike”), which would be undesirable for the union officers as well as the company. Such conflict escalation would also make negotiations more difficult. Therefore, both sides agree that it is time to get serious about contract negotiations, even arbitrating any unresolved issues, if necessary.

Please be aware that:

(1) As explained on page 14 of the contract, the pension plan is a 401(k) plan administered by the company. The employer pays $1.00 per hour worked, as described in the “Letter of Understanding: Pensions” (Article 16) of the contract. There does not appear to be any “matching” of employee contributions, although employees are free to contribute some of their own funds, if they wish.

(2) The local health plan is a “Point of Service” (POS) Plan as explained on page 9 of the contract. In class, we will discuss several types of benefits, including pensions and health plans. It is widely known that both sides intend to consider employee benefits at the upcoming contract talks, along with other contract clauses. You are concerned about the cost of these employee benefits to the Bakery.

***You have been assigned to the MANAGEMENT side in this activity. Do not show these instructions – or your completed work to any other team (union or management).***

*General Instructions:*

DO NOT PESTER EITHER THE UNION OR ANY BAKERIES FOR INFORMATION AS YOU PREPARE FOR THIS EXERCISE. They have their jobs to do; they will not do your research for you.

You will be given the following information for this exercise:

1. These instructions and background information
2. A copy of the current contract.

As you prepare for negotiations, you should be prepared to look up additional information about the union using the Internet, the library, and information you can obtain from other sources, as needed. What follows are some descriptions of several tools; **you’ll have to decide which ones to use for specific parts of the project.** The following sources may prove valuable for some assignments.

1. Murphy Library’s *Nexus Uni* (replaces Lexis-Nexus) database has labor-related information.

a. Go to the Murphy Library website at UW-L, where databases are listed by title:

 <http://libguides.uwlax.edu/az.php> Select “**N**” and then “Nexus Uni”

b. At the top of the page you will see the following (in grey letters):

 [All Nexis Uni **⮛**] [Enter terms, sources… ]. **Select the down arrow**.

c. You will see two columns. The **left** column has a heading, “Narrow by:”

* Content Collection
* Cases and Codes
* **Practice Areas & Topics** 🡨 *Select (click on) this one*
* Recent & Favorites

d. To the right, select 🗹 **Labor and Employment Law**

e. Enter your search terms (*Example:* UFCW ) in the search box at the top of

 the page.

f. At the far right bottom of the screen click the blue box that says **[SEARCH]**

h. You may want to sort results by “Date: Newest to Oldest” using the drop-down

 menu in the upper right-hand corner of your search results.

2. *Basic Patterns in Union Contracts.*  On “open shelves” at Murphy Library.

Also see *Employer Bargaining Objectives* (2015 edition; call No. HD6500.E43).

3. *Monthly Labor Review.* Available at Murphy Library and at <http://stats.bls.gov/mlr/> or <http://stats.bls.gov/opub/mlr/mlrhome.htm>. Other government resources are conveniently listed (*scroll way down the page*) at the University of Illinois Labor Institute website: <https://www.library.illinois.edu/sshel/laboremployment/lawpublicpolicy/>

4. If you do a “google search” you can find websites containing .pdf copies of current UFCW contracts with other firms. You may want to compare their wages and benefits with your contract. Bakery, Confectionary, Tobacco, & Grain Millers union also represent some bakery production workers; the International Brotherhood of Teamsters represent all sorts of vehicle operators, from delivery truck drivers to hearse drivers. Here are a few websites where you can find contracts:

(1) <http://digitalcommons.ilr.cornell.edu/blscontracts/>

(2) <http://www.dol.gov/olms/regs/compliance/cba/index.htm> (a few contracts are scanned upside down!)

(3) <https://ufcw1189.org/resources/kowalskis-central-bakery-2014-2016>

 (4) An interesting group within the Teamsters called, Teamsters for a Democratic Union (TDU)

 has copies of some Teamsters contracts on its website: <http://www.tdu.org/>

(5) <http://ufcw7.org/mediacat-library/> & <http://www.memberresourcecentre.com/knowledge-base/collective-agreements/> Several UFCW contracts.

(6) Rutgers links to sample contract clauses:

 <https://libguides.rutgers.edu/c.php?g=336750&p=2271876>

and a few full contracts: <https://libguides.rutgers.edu/c.php?g=336750&p=2271877>

 (7) Here’s a revised contract with the United States Bakery. It is fun to see the revisions:

<http://www.jc28.org/blog/wp-content/uploads/2011/08/USB-Fully-Recommended-Settlement-Offer_Language.pdf>

 (8) You can search union contracts with various employers (including several bakeries) in

 Alberta, Canada, here: <http://work.alberta.ca/apps/cba/search.asp>

(9) Another database of labor contracts: <http://www.irle.berkeley.edu/library/CBA.html>

or <http://irle.berkeley.edu/digital-collection/bargaining/>

(10) 15 older labor contracts are linked here: <http://contracts.onecle.com/type/155.shtml>

(11) Links to older labor contracts:

<https://www.llrx.com/2001/04/reference-from-coast-to-coast-finding-u-s-collective-bargaining-agreements/>

(12) Finally, here’s a bakery contract: <http://www.sdc.gov.on.ca/sites/mol/drs/ca/Manufacturing%20%20Consumables/311-42668-16.pdf>

 [*Note:* not responsible for missing or redirected hyperlinks…]

5. Employee Benefits Surveys, such as that from the International Foundation of Employee Benefits, from 2018: [www.ifebp.org/benefitsurvey2018](http://www.ifebp.org/benefitsurvey2018) (the actual report costs money, but there are several web links to free information – plus a handy infographic).

**PHASE I: Creating Your “Preparation For Bargaining” Notebook**

***What you will hand in:***

Preparation is the single most important ingredient in negotiations; if you are not prepared, you are at the mercy of the opposing team. Therefore, your negotiating team will hand in to me a “Preparation for Bargaining” notebook. This notebook is a group effort, so feel free to divide the work among your team members. However, DO NOT show your notebook to any other team – even other teams on your side.

The notebook is to be divided into seven parts:

 I. Constituent Preference information,

II. Background information,

III. Contract content information,

IV. Contract language,

V. Personality information,

VI. Bargaining process information,

1. Completing the Team Goals Worksheet.

**•For your first assignment, please complete Parts I, II, and III. (9% of your course grade)**

**•For your second assignment, please complete Parts IV and V (9% of your course grade)**

**•For your third assignment, please complete Part VI. (9% of your course grade)**

**•For your fourth assignment, please complete Part VII (3% of your course grade).**

For each part, you will need to try to answer as many of the questions as you can. You do not have to answer *all* of them within each part, but be aware that the other side might be better prepared than you if you do not answer them all. You should do the following for **each** question that you answer:

1. Locate the answer through research, if necessary. Include a photocopy or printout of your information along with a reference (and web link, if relevant) for where to find it.
2. Answer the question. All answers must be typed.
3. Relate the answer to your mock negotiations. Which side benefits more from this information? If your side, how can this information be useful to your side? If the other side, how can the information be useful to the other side and what will you do/what information do you have to counteract it? Again, all remarks must be typed.

**First Assignment: Complete Parts I, II, & III, below:**

*Part I: MANAGEMENT Constituent Information about the Current Contract:*

A survey was given to all owners, managers, and bakers (*N*=10). Their responses are tallied below.

Assume that your survey generated the following results:

|  |  |  |  |
| --- | --- | --- | --- |
| Article of the Contract | Topic/Area of Possible Concern/Contract Proposal | YESThis is a concern; negotiate something better for the Bakery | NO This is NOT a concern; no need to negotiate something better  |
| 1  | Make it **easier** to contract out union jobs | 9 | 1 |
| 1 | Need to charge a 5-10% fee for collecting union dues. | 6 | 4 |
| 1 | Add a **Mgt Rights** clause. | 10  | 0 |
| 1 | Need to be able to assign workers to various jobs (across categories) and to cross-train w/o union filing grievances. | 8 | 2 |
| 2 | Too much paid overtime. It is confusing as to when workers get 1.5x vs. 2x normal pay. Make all extra-work clauses pay 1.5x.  | 9 | 1 |
| 2 | Article 2.6: Don’t guarantee minimum of 4 hours -- pay *only* for actual time worked. | 6 | 4 |
| 3 | Article 3.1: Specify what the probationary period actually is. Is it 30 days? 90 days?  | 10 | 0 |
| 3 | Article 3.1: Lengthen the probationary period from 30 days (*implied*) to one year | 7 | 3 |
| 4 & 10 | Only discharge (and negotiation) are discussed. We need a list of rules. We also need a progressive discipline clause (e.g., 1st offense = 1 day suspension, 4th offense = termination) for some violations.  | 4 | 6 |
| 4 & 10 | *Consistent with above:* Employee discipline records need to stay on file for 5 years. | 9 | 1 |
| 5 | We need to offer one day per year as a “floating” holiday or for extra funeral leave. | 5 | 5 |
| 5 | Too many paid days off and/or paid holidays. Replace one with a “floating” holiday. | 8 | 2 |
| 5 | Work on holidays is rare. If such work is done, it should be paid at 1.5x hourly rate. | 3 | 7 |
| 6 | Reduce the number of fully-paid vacation days to save money. | 2 | 8 |
| 10 | Reduce number of days a worker has to file a grievance from 10 to 5 working days. | 6 | 4 |
| 11 | If a customer's union is on strike, Sunshine workers are only paid for hours worked. | 10 | 0 |
| 12 | Offer $20,000 in life insurance coverage with the workers paying at least 50% of monthly life insurance premiums. | 7 | 3 |
| 12 | Need to shift more of health-care costs onto the worker, with bakery paying less. | 8 | 2 |
| 12 | Offer five paid sick days annually to those with at least one year seniority. | 5 | 5 |
| 13 | Need clearer uniform allowance. What is paid for? How often?  | 9 | 1 |
| Article of the Contract | Topic/Area of Possible Concern/Contract Proposal | YESThis is a concern; negotiate something better for the Bakery | NO This is NOT a concern; no need to negotiate something better |
| 13 | Need a less generous uniform allowance.  | 8 | 2 |
| 14 | The renegotiation part of the “Separability” (also called “Zipper”) clause is vague. Deadline for agreement? What happens if we don’t agree? Unclear. | 6 | 4 |
| 15 | Need a longer (4+ year) contract. | 8 | 2 |
| 12 | Need to pursue less-expensive health care options, such as Direct Primary Care (DPC - see readings). There are some DPC providers in Edina, Burnsville, and Apple Valley, MN. <https://mapper.dpcfrontier.com/> Would require 60 mile radius be increased. | 9 | 1 |
| 12.4 | 32-hours for full-time? Inconsistent with the Affordable Care Act (30 hours)… | 4 | 6 |
| Appendix “A” | Keep across-the-board wage increase under 2.67% per year. After all, inflation is low… | 9 | 1 |
| Other: | Converting some union jobs to "Independent Contractor" (non-employee) status will save the Bakery money. | 5 | 5 |
|  | Delivery drivers (sales route drivers) need more training. | 8 | 2 |
|  | Offer a partially paid leave of absence/ disability leave (less than 50% of wage) that lasts six months (to coordinate benefits with Social Security) perhaps in lieu of other paid-time-off benefits | 7 | 3 |
|  | Re-Negotiate issues that union won in arbitration during the previous contract. | 8 | 2 |
|  | Need a “successorship” clause if Bakery is sold. | 2 | 8 |
|  | Poll -- Do you authorize bargaining team to lock union workers out if talks collapse? | 8 | 2 |
|  | Create permanent two-tier wage system OR lower the starting wage. | 7 | 3 |
|  | Video cameras and GPS monitoring added to trucks for evaluating drivers. | 8 | 2 |
|  | Male employees (including drivers) should be clean-shaven, not wearing beards. | 7 | 3 |
|  | Need a clear mobile device policy for drivers (to prevent viruses and malware). | 10 | 0 |
|  | Generally, we need creative ways to cut costs or increase revenues at the Bakery | 9 | 1 |
| 16 | Replace 401k with something less expensive:Either a pure Defined Contribution plan orReduce the 401k employer contributions (e.g., $.80 for every hour worked). | 6 | 4 |
| 16 | Pensions are to reward long-term loyalty to the firm. So we should “tighten up” eligibility requirements to participate in the pension plan: Full-time workers with two years seniority.  | 5 | 5 |

**Questions for thought and discussion in your report (answer each of the first six):**

1. Which areas were seen as “problem areas” or “topics of concern” by a substantial number (more than one-third) of the respondents?
2. Discuss EACH “problem area” (or the requested contract modification) briefly in light of both the current labor contract AND in terms of the “typical” labor contract for this group of workers. This will involve a bit of library or Internet research to discover what the “typical” contract says. (If you cannot find average “typical” information from resources such as *Employer Bargaining Objectives*), **at least use one other contract for bakery workers** for comparison purposes.)
3. Why do you suppose those problem areas were identified as such by the respondents? (Your answer may involve some speculation as to why they answered as they did)
4. Make a list of your team’s tentative “top ten bargaining objectives” based on this survey. What five areas of the contract should definitely NOT change, based on this survey?
5. “Taking a step back from the data” are there some categories that are similar and could be combined? If so, what are these categories? If the categories are considered together, does this affect your conclusions regarding areas needing change?
6. Why should you all, as a negotiating team, not base your bargaining goals simply on the results of this survey? Under what conditions are you likely – and unlikely – to give the constituents what they want? What other information should you all seek? Why?
7. *Optional:* Normally, survey data are confidential. Assume that an informant provided you with the survey data from the other side (it is in *their* Canvas instructions). What do you conclude from *their* survey data?

*Part II: Background Information.* ***Answer at least TEN of the following questions*** *in your notebooks and cite your sources (as you answer, tell how your side can use each piece of information in contract negotiations). Xerox the most relevant pages or webpages from your sources and arrange in Appendices so you can quickly find and use this information when bargaining.*

1. What is the U.S. **inflation rate**? How has the rate changed over the last ten years? Why is this information important for bargaining?
2. What is the **unemployment rate** in Minnesota? Nationally? Are there any trends?
3. How have **health care costs** risen over the last ten years? Any trends? What does a typical individual rate for health care insurance cost for single workers and for families? What does a typical group rate cost for single workers and for families? What does a typical HMO/PPO cost for individual and group rates for singles and families?
4. What are the implications of the Affordable Care Act – and subsequent attempts to revise or repeal it – for health care coverage under the labor-management collective bargaining agreements? What is the “Cadillac Tax?” What is its current status?

5. This company is a hypothetical privately-held company, so obtaining financial information is impossible. However, you might find financial information about the industry. How have **bakery companies’ revenues** generally changed in recent years? Any trends? Any data about averages or trends for employee salaries? (For this last statistic, see: <https://www.bls.gov/ooh/production/bakers.htm?view_full> )

6. In 2016 Workers at the Richmond (Indiana) Baking Company, who were members of Local Union 1 Bakery, Confectionery, Tobacco Workers and Grain Millers International Union AFL-CIO-CLC, went on strike. What were the issues? How is this relevant for your upcoming negotiations?

7. The bakery industry reeled from two Hostess bankruptcies in the last 20 years (under various

 names: IBC/Hostess Brands/Old HB). Briefly recount what happened with Hostess and at least

 one other, more recent bankruptcy of a different bakery; what – or who – caused the

 bankruptcies? How is this history relevant for bakeries generally, and your contract negotiation,

 specifically?

8. If employees are expected to live close to Morning Glory’s facilities, then housing statistics become relevant. Report some (e.g., new housing construction starts, percentage of houses sitting unoccupied on the market, long-term) for Rochester and/or for other relevant communities. What do housing statistics tell you about the economic vitality of the area?

9. Are there particular concerns of older workers and retirees that are discussed in newspapers, magazines or union websites? How might the current contract need modification?

10. Summarize what the Taft-Hartley Act, says about “union shops” and “right-to-work” laws. Is Minnesota a “right-to-work” state? Has this type of law been discussed in the Minnesota state legislature? If so, what was the outcome? What is Article 1 of the contract all about?

11. Identify **four** significant labor-related court cases (U.S. Supreme Court or Minnesota Supreme Court) and/or laws passed by Congress and/or Minnesota state legislature since January, 2010 (e.g., state minimum wage laws). How should you change your contract based on each of the four cases or laws you’ve identified? (Labor law newsletters exist, such as the “LER eNewsletter found here: <http://www.leraweb.org/> -– look under the “publications” tab; law firm websites also often summarize laws and cases.)

12. Answer 12a or 12b but not both:

⮚12a. Using the website: <https://www.unionfacts.com/lu/544428/UFCW/1189> report how many members are in UFCW local #1189. How does the local union spend its funds? Why might it be useful to know how large (or small) or financially wealthy (or poor) this local is?

⮚12b. Using the website: <https://www.unionfacts.com/union/United_Food_%26_Commercial_Workers> report how many members are in UFCW nationally. How does the union spend its funds? Why might it be useful to know how large (or small) or financially wealthy (or poor) the union is?

 13. Based on the information found in the chart below what is the demographic makeup of the bargaining unit (% minority and % female)? How does it compare to Rochester demographics? What particular concerns of these groups emerge from the chart? What related concerns are found in magazines, state newspapers, and/or union websites that these workers may have? What ‘lessons’ (if any) can be learned from the 2018 experience of the small Back to Eden Bakery in Portland, Oregon (e.g., <https://www.thestranger.com/slog/2018/06/07/27192471/portland-in-flames-after-alleged-racist-incident-at-vegan-bakery> warning: offensive language). How might the current contract be modified to address concerns of women or minority employees (and customers)?

**Equal Employment Opportunity Census –**

**Number of Employees of Various Groups.**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Job Title | RaceWhite | Asian | **Black** | **Latino** | **Age****No. over 40** | Sex**Male** | **Female** | Total |
| In-Store Sales | 4 | 1\* | 0 | 0 | 1 | 1\* | 4 | **5** |
| Delivery Drivers (Sales) | 5 | 0 | 0 | 0 | 0 | 5 | 0 | **5** |
| Wrappers (*part-time*) | 3 | 0 | 1 | 1 | 0 | 1 | 4 | **5** |
| Fryers | 1 | 1 | 2 | 1 | 1 | 5 | 0 | **5** |
| Baker’s Helpers | 4\* | 1\* | 0 | 0 | 5 | 0 | 5\* | **5** |
| TOTAL IN EACH COL.\* = 40 years or older | 17 | 3 | 3 | 2 | 7 | 12 | 13 | **25** |

14. What is **the reputation of the UFCW**, as given in at least two separate press accounts?

15. What is happening with labor relations at Nabisco? How, if at all, is the labor conflict with

 the BCTGM relevant to your contract negotiations? What other recent or current bakery labor

 negotiations are relevant to your negotiations (2017-2020)?

 Of possible interest: <https://nwlaborpress.org/2018/05/nabisco-unilaterally-implements-its-terms-on-union-workers/>

16. There are several job classifications in the current contract. Should any of the “Sales” jobs

(e.g., route drivers) be contracted out to private “independent contractors” or subcontracted to

a non-union trucking company? What are the rules for determining whether a person is an “employee” vs. an “independent contractor”? Discuss this possibility, its likely consequences, and its implications for your union negotiations.

17. Visit this web page: <http://www.nlrb.gov/resources/national-labor-relations-act> How does the federal National Labor Relations Act (NLRA) define “supervisors?” The National Labor Relations Board (NLRB), when applying this law, routinely excludes supervisors and managers from labor unions. Are “Bakers” supervisors? Should non-owner “Bakers” (Contract, Appendix A), who are currently excluded, be required to join this union? From a union’s perspective, why might it be beneficial to represent these employees? From a management perspective, why might you want these employees excluded from the union?

18. What is a “Successorship” clause? Does your contract have a “Successorship” clause? Should it (still) have one? If so, what should be in such a clause? Why?

19. Visit <https://www.opensecrets.org/orgs/summary.php?id=D000000072> Some unions are more “left-leaning” on political and social issues than others; how liberal is the UFCW ? To whom does the UFCW give money? In some union contracts, the employer authorizes automatic payroll deductions with the money sent to a union’s political action committee, if the employee wishes. Should this contract add a similar clause? Why should (or should not) the company have anything to do with such automatic payroll deductions?

20. How are pensions handled for UFCW members working at Morning Glory? In prior years, the company contributed to a UFCW-run “defined-benefits” pension fund ( <http://ufcw1189benefits.com/> ; also <http://ufcw1189benefits.com/forms/Retail_Clerks/Pension/Docs/2017_SPD_Final.pdf> . However, in 2012, that pension plan suffered severe financial difficulty, reducing payments to retirees, reducing or eliminating early retirement or disability-related retirement benefits, and imposing 5 to 10% surcharges on participating employers, as documented here: [https://web.archive.org/web/20170221102605/https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/public-disclosure/status-notices/critical/2012/northern-minnesota-wisconsin-area-retail-clerks-pension-fund.pdf](https://web.archive.org/web/20170221102605/https%3A//www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/public-disclosure/status-notices/critical/2012/northern-minnesota-wisconsin-area-retail-clerks-pension-fund.pdf) . It gradually became apparent that the Northern M-W Area Retail Clerks Pension Fund plan, “just wasn’t worth it” to Morning Glory and they negotiated a 401k plan instead).

21. Using news articles, how are pension funds faring? How did the 2008-2013 recession affect pensions? What is the Kline-Miller Multiemployer Pension Reform Act (MPRA) of 2014? Visit <http://www.pensionrights.org/> : What new laws are proposed? How is the Kline-Miller law and other new/proposed laws relevant for your negotiations?

22. What is an “accretion agreement”? Should you negotiate such an agreement? What group(s) of workers would be “absorbed” into the bargaining unit? How would that work?

23. The UFCW has a “health & welfare fund” (summarized at: <https://ufcw1189benefits.com/> ). What are the *benefits* to members from this fund? It may take a bit of research to find this: What are the *monthly costs* for employers (and/or employees)? Would it be financially advantageous for Morning Glory to simply pay into this fund? Would it be financially advantageous for UFCW members to receive benefits from this fund? Or should they continue to negotiate specific, distinct, benefits?

# Part III: Current contract Information.

*1. Costs of the current contract.* Using the Phase III information and charts on “Costing the new

contract” (last two pages) as well as information on pay rates from Article 9 and Appendix “A”

of the contract, compute total base wage costs of the **current** contract for one full (most-recent)

year of the contract. *Use a photocopy of the worksheets; compute the basic total annual wage.*

You can either use the worksheet provided in this packet (and a calculator) and simply insert the

correct current hourly (or weekly) wage rate, or you can create a spreadsheet and input the data. Creating a spreadsheet is encouraged; it is useful when considering how much a *new proposal* will cost or for costing the new, final negotiated contract.

# Next, answer at least FOUR of the following (yes, this is still Part III of the First Assignment):

2. Look at the information on pay rates from Appendix “A” of the current contract, as

well as wage information in the chart below taken from two previous (2013-14; 2015-16) contracts:

Seniority 9/1/ 2013 9/1/ 2014 9/1/ 2015 9/1/2016

Start (New employee) $7.00 $7.25 $8.00 $8.50

1 year of service $7.05 $7.35 $8.05 $8.55

2 years of service $7.10 $7.40 $8.10 $8.60

3 years of service $7.15 $7.45 $8.15 $8.65

4 years of service $7.20 $7.50 $8.20 $8.70

5 years of service $7.25 $7.55 $8.25 $8.75

 How did wages in the contracts change from 2013 to 2020? Compare this **rate of change** to the rate of change for the annual inflation rate (see Part II, Question #1) and/or the rate of change for typical bakery company revenues and/or profits (see Part II, Question #5).

3. Who are Morning Glory’s leading competitors (e.g. bakeries in Rochester, MN and nationally)? **How do financial revenue statistics for Morning Glory compare to its competitors?**

How do wages compare? How is this relevant for bargaining?

4. How do “*paid time off” benefit levels* and *eligibility for specific “paid time off” benefits in this*

contract compare to industryorgeneral patterns? [HINT: see *Monthly Labor Review, Employer Bargaining Objectives, 2015 edition,* Justin Held’s article, “Benefit Trends” (*Benefits Magazine,* May, 2019) and/or the older book, *Basic Patterns in Union Contracts*].

5. Are any of Morning Glory’s regional competitors unionized by *other* unions (e.g., Bakery, Confectionary, and Tobacco Workers and Grain Millers; Service Employees International Union)? How do their wages compare to the wages paid to the employees working for Morning Glory?

6. Examine **wages** in at least two different (non-Morning Glory) UFCW contracts. What are UFCW membersmaking for wages in those contracts? How do Morning Glory wages compare? Feel free to make a chart.

7. Examine **benefits** in at least two different (non-Morning Glory) bakery contracts. What are union membersreceiving for at least *five types of benefits*? Use different benefits than the “paid time off” benefits identified in question #4 – look at their current contracts to identify some benefits.

8. *Geographic Analysis.* What are avg. union & non-union wages in the U.S. and Minnesota? How do wages in the current Morning Glory contract compare to those averages?

 9. *Baking and “Food Manufacturing” Industry Analysis.* What are the wages & benefits in the

 Industry and/or among small bakeries? Report both union and nonunion statistics.

10. What are the various jobs covered by this contract? Why do you think that the “Sales” delivery

 drivers are in the UFCW and not the Teamsters? What wages do Teamsters make? If there is a

 big pay difference, then how does that difference affect your bargaining goals or strategy?

11. What is a “two-tier” wage system? What would it look like in Appendix A? What are the arguments for or against “two-tier” plans? There’s more to this issue than, “this saves the company money.” Do some “Library research” to help you analyze the implications of a two-tier system.

12. Pick ONE of the readings for Exam #1 (other than the Held *Employee Benefits* article). Summarize the reading. Relate the information from that reading to your upcoming negotiations.

**Second Assignment: Complete BOTH Parts IV & V, below:**

*Part IV: Contract Language:*

This is unlike any paper you have probably ever written. Your mission: Analyze the existing labor contract looking for “poor contract language.” Find places where the language is ambiguous or where an arbitrator would be likely to rule against your side if these clauses were to be the basis of a grievance. **Re-write those clauses to be clearer and fairer to your side.**

**Answer Parts A) and B) below.**

1. What **arbitrated** **grievances** have occurred during the life of the past contract? How were they resolved? Who won? Do you think the rulings were correct? How should each have been resolved, based on the contract language and the outcome of similar precedent cases?

How should any ***unresolved cases*** be resolved (based on contract language and similar

Precedent cases)?

TO FIND GRIEVANCES: see the accompanying material (*below*) entitled, “Summary of Grievances & Arbitration Rulings” for case summary information.

How do you look up “other, similar, precedent” cases? (Yes you may use cases involving other unions or companies if they involve similar issues and similar types of contract clauses).

1. Murphy Library’s *Nexus Uni* (replaces Lexis-Nexus) database has labor-related information.

a. Go to the Murphy Library website at UW-L, where databases are listed by title:

 <http://libguides.uwlax.edu/az.php> Select “**N**” and then “Nexus Uni”

b. At the top of the page (far left) you will see the following:

 [Menu **⮛**]. Select the down arrow.

c. Select “All Sources”

 You will see a long list:

* A & D watch
* AAA Consumer Arbitration Cases
* AAA Employment Arbitration Cases
* **AAA Labor Arbitration Awards**
* *Etc.* (there are several sources listed involving the American Arbitration Association (AAA), a private organization.

d. Click on “AAA Labor Arbitration Awards”

e. A sub-menu will appear. Click on “Add Source as a Filter”

f. Return to the top of the screen. You should see:

 [Menu **⮛**] [AAA Labor Arbitration ] [*Enter search terms or citations* ]

g. Type your search term (based on one of the cases found in another handout

 describing resolved and unresolved arbitration cases at the bakery) and press

 “enter.” This will produce cases with those search terms. *Hint:* Don’t search

 too broadly (e.g., “discipline” returns approximately 1,000 decisions!)

*Notes:* In some cases the names of the firms and unions have been redacted. Cite cases as:

 *#### AAA Lexis ####* as well as the company and union names, if available.

2.Finding arbitration cases using *Labor Law Reporter(if you feel like kickin’ it old school):*

 a. Read your grievance/ arbitration case. What topics are points of conflict?

 b. Read the relevant portion of the contract.

 c. Use information from *Labor Law Reporter* (a binder service in the basement at Murphy Library) as a starting point (volume 1 is the topical index, guiding you to information found in volumes 2-6). These volumes give one-sentence summaries of cases and references where you can find the full text of the cases. These cases are found in other binder services (e.g., *CCH NLRB Decisions, Decisions and Orders of the NLRB, Court Decisions Related to the NLRA, Labor Cases* for NLRB legal cases (not likely to be used in MGT 485), and *Labor Arbitration Awards, Labor Arbitration Information System, and Labor Arbitration Cases* for arbitration cases (likely to be useful for MGT 485). Otherwise, just go to a volume of the most appropriate-sounding volume of cases and search the topic index. Many of these cover the years 1947-2001.

d. Consult the relevant binder service and read the relevant cases. Judiciously select one or two cases that you can easily include in your analysis. You want to briefly mention supporting cases, yet not go into so much detail that it gets confused as to what facts go with what case. It is a bit tedious and may involve some photocopying, but this is what people did before the days of the Internet…

3. Your syllabus may describe other sources for researching precedent arbitration cases.

As you read the case summaries, carefully consider the issues raised with each case and answer all of the questions (found after Case #20, below).

B) In addition to considering the arbitrated cases, you should look through the contract to identify other instances of ambiguous contract language. There are plenty of items in this contract that could be clearer! For example, *Article 13: Uniforms.* The clause does not specify ***how frequently*** ***uniforms and aprons will be laundered***. Also, is an employee excused from wearing a uniform if his/hers is being laundered? Or does each employee get two uniforms?

Nor does it say ***how frequently an employee gets a new uniform***. That is just one clause where the language is ambiguous or missing.

However, do not just rely upon your own insight when examining clauses to analyze them. Do a bit of research also...

*How to research ambiguous contract language:*

You might say, “I’m no lawyer– how do I know if a clause is well-written or poorly-written?”

Choose from among these three methods (you can mix and match) for **five distinct clauses:**

***Method #1.*** One way to determine if your particular clauses are well-written is to compare them with “model clauses” for other contracts.Look up distinct clauses/Appendices/Memorandums of Understanding in your contract. **Compare each to “model” (sample or suggested) contract language, found in one or more of the following sources:**

**\*\*Model Contract Language** of the International Association of Fire Fighters found at:

<http://www.iaff.org/library/pdfs/licb_model_contract.pdf> . Many sample clauses.

\*\***Sample Contract Language** of the Illinois Education Association. Although some clauses are unique to schoolteachers, several sample clauses are more general. Found at:

[https://web.archive.org/web/20150425214619/http://www.ieanea.org/region/40/assets/sampesp.pdf](https://web.archive.org/web/20150425214619/http%3A//www.ieanea.org/region/40/assets/sampesp.pdf) .

A similar one for Indiana is at:

<http://www.eiaonline.com/ISTASampleContractLanguage2009.pdf>

\*\***AFGE Contract Terms Handbook** . Sample clauses on many subjects:

[https://web.archive.org/web/20140514053511/http://www.afge.org/Documents/ContractTerms.pdf](https://web.archive.org/web/20140514053511/http%3A//www.afge.org/Documents/ContractTerms.pdf)

Don’t just report “general advice” – look at specific guidance relevant to the wording of your specific clauses.

\*\*Some businesses and law firms offer sample clauses. (e.g., <http://www.sampletemplates.com/business-templates/collective-bargaining-agreement-template.html>). However, be careful not to inadvertently click on a link where you have to pay hundreds of dollars for a sample contract!

\*\***Sample Clauses on Specific Subjects** can be found using a “Google Search.” For example:

\*\*\*\***Sample Health & Safety Contract Language** offered by AFSCME. Found at: <http://www.afscme.org/news/publications/workplace-health-and-safety/safe-jobs-now-a-guide-to-health-and-safety-in-the-workplace/chapter-13-winning-and-using-workplace-safety-and-health-rights/sample-health-and-safety-contract-language> ; for a similar document, also see: <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1000&context=manuals>

\*\*\*\***Sample “Management Rights”** clauses (limiting the authority of a labor union) at: <http://www.1-888-no-union.com/managementrights.html>

\*\*If you have access through another university, look in **BNA’s *Labor and Employment Law Library -- Collective Bargaining & Contract Clauses*** *(*in the left column of the home page under *BNA Manuals).*  This often has two or three wording variations for specific types of clauses.

\*\*For some topics, see the class handouts on relevant clauses.

***Method #2.*** Another idea is to look at **other specific union contracts** on the Internet to see how they word similar clauses. Many contracts are available on the Internet if you look (e.g., [https://web.archive.org/web/20171212183947/http://www.memberresourcecentre.com/wp-content/uploads/2017/04/Kootenay-Market-1671-Apr-22-2012-Apr-15-2017.pdf](https://web.archive.org/web/20171212183947/http%3A/www.memberresourcecentre.com/wp-content/uploads/2017/04/Kootenay-Market-1671-Apr-22-2012-Apr-15-2017.pdf) ). Find examples of specific clauses that are clearer than what is in your contract. A few sources are listed on page 3 of this packet of instructions.

**Contract between a bakery and** the United Food and Commercial Workers. Found at:

[https://static1.squarespace.com/static/5418aa2ce4b097579b5c27e5/t/582a32cbbebafb7de3830045/1479160526095/Franz+16-19.pdf](https://static1.squarespace.com/static/5418aa2ce4b097579b5c27e5/t/582a32cbbebafb7de3830045/1479160526095/Franz%2B16-19.pdf) Generally, visit this webpage, to see all the employers that UFCW Local 21 represents: <https://www.ufcw21.org/shop-union>. THEN if you go here, you can type in the name of that employer and *voila!* A .pdf of the contract appears: <https://www.ufcw21.org/find-a-contract>

***Method #3.*** You can find similar clauses that caused conflict in other companies within BNA’s *Labor Arbitration* (print) volumes (in Murphy Library’s basement compact shelving) or the Nexus AAA Labor Arbitration Decisions database (see pg. 16 of these instructions). If arbitrators ruled that specific clauses were poorly written or unenforceable and the wording was similar to the causes in your existing contract, then such rulings would suggest a need for change. Similarly, if specific clauses were supported, and those were similar to the clauses in your contract, then that would suggest that your clauses would probably “pass muster” and do not need changing. Note that it is not always easy to find similarly worded clauses.

Whatever mix of the methods you use, be sure to:

⮚ Identify the problematic article by number, title, and page # in the existing contract.

⮚ Quote the exact wording that is problematic.

⮚ Explain the problem, citing any relevant labor arbitration case(s) if any are used.

⮚ Include the **exact wording** that you would like to see for each of your five clauses.

One easy way to organize this paper is to use several headings. For example:

**Article 289, paragraph 6**

 **Language used in the contract:**

“People shall not speak Pig-Latin within earshot of a supervisor.”

 **Possible ambiguity or poor contract language:**

 “Pig-Latin” is not defined…”within earshot” is not defined.

 **Relevant arbitration case or alternative wording found in other contracts:**

 “‘Coyote’ shall not be spoken for work-related matters within 100 yards of a supervisor, unless the supervisor also speaks ‘Coyote’.” (*Roadrunner vs. Coyote*, 2017).

 **Proposed contract revision:**

 “Pig-Latin – which is defined as ‘taking the first consonant cluster, moving it to the end of the word, and adding a long A sound at the end’ – shall not be spoken for work-related matters within 100 yards of a supervisor, unless the supervisor authorizes it to be spoken.”

I recognize that this paper won’t have the same “flow” to it as a conventional paper. So you may need to use more headings to aid in your transitions from one section to another.

**Grievances and Arbitration—MGT 485**

**Summary of Grievance Arbitration Cases**

**Held During the Last Contract Between**

**Morning Glory Bakery and the UFCW[[1]](#footnote-1)**

**RESOLVED CASES:**

**\*Case #1 (Article 1, Recognition; Article 4, Discharge; Article 10, Grievances)**

A delivery sales driver openly distributed UFCW political action committee (named “UFCW Action”) literature to customers and employees at a client firm while being paid to work. Upon learning of this activity, management fired the driver. The union filed a grievance.

Management argued that the driver was paid to work -- not engage in political activity -- and that such activity was harmful to business. The driver campaigned for union-endorsed political candidates and fell behind in her delivery schedule. The next day, the driver did not show up for work until mid-day; the driver did not telephone to report an illness, no doctor’s note was provided, and the half-day absence was not excused.

The union argued that management had not been able to demonstrate that business was harmed by the political flyer distribution; the driver campaigned on breaks and at lunch and eventually made all deliveries on the day of the political activity. Further, management had not followed proper disciplinary procedures; distributing flyers is not an offense listed as cause for “discharge without prior notice” in Article 4. The driver’s half-day absence was not related to political activity, as the employee had food poisoning from supper and was home sick for part of the next day. Interrogation w/o “union rep.” violated driver’s *Weingarten* rights. Finally, management did not apply its own rules consistently: Union noted that a manager who had previously solicited employee donations for a senator's fundraiser in violation of company policy was only given a two-week suspension.

The grievance arbitrator noted several points in his analysis. Management should have first warned grievant that her activity was improper in light of her many years of service and her prior good work record (free of discipline). The arbitrator also noted the mild manner of her political activity, some of which, apparently occurred during work breaks. However, the driver was at fault for allowing political activity to interfere with work duties and for not notifying the firm of the subsequent illness. The grievance arbitrator reduced the discharge to a 60-day suspension without pay.

**\*Case #2 (Article 4: Discharge; Americans with Disabilities Act)**

Employee (called S\_\_ here) had been an employee for approximately fifteen (15) years at the time she was terminated. S\_\_ suffered from asthmatic attacks intermittently and had used Family Medical Leave periodically throughout her employment. At the time of her termination on November 21, last year. The case was heard in arbitration this spring.

S\_\_ was terminated for poor attendance and a violation of safety rules and performance standards on June 8, 2009, and again terminated on August 10, 2014, for excessive absenteeism. Upon both terminations, the Union filed grievances and both terminations were reversed by a neutral arbitrator.

*Prior discipline:* In July of last year, S\_\_ received a verbal disciplinary warning for failing to deliver a full order to a grocer. Three weeks later, she received a written disciplinary warning for delivering too much product to one store and failing to make a full delivery to another. In Sept. she was suspended a week without pay for crossing out inventory–sheet entries which she said were incorrect and entering her own numbers (which were also incorrect). Because of this, supervisor ordered the truck back to terminal; her truck had to be unloaded, inventory counted, and then re-loaded. This wasted time and money.

*The current incident:* S\_\_ was scheduled to work Mon.-Fri., **the first week of October**, **2019**. She did not work on Monday due to an illness. On Weds., S\_\_ reported to work, but only worked a few hours, leaving the shift early because she was ill. She reported going to the Hospital #1 Emergency Room, complaining of asthma and pain in her ribs. Upon being released from the hospital, she received a work release that stated she was not to return to work until the following week. S\_\_’s next rotation was scheduled for Mon.-Fri. of the **second week of October**. On Sunday, S\_\_ reportedly went to Hospital #2 for pain in her right thumb. She was treated and released with no written restrictions on her ability to return to work. However, Monday morning, S\_\_ called her Employer and said that her Doctor wouldn't release her so she would be off for the rest of the week. Another driver was paid overtime to complete her deliveries early in the mornings and/or in the evenings.  S\_\_’s next scheduled workweek was **the third week of October**. S\_\_ went to the emergency room on Saturday prior to that workweek. On Monday, S\_\_ called the Human Resource Manager. She said that she had just gotten out of Hospital #1 with another asthma attack and she wouldn't be back to work until Thursday.

An HR manager contacted two hospitals. Neither had any record of her visiting after the first October visit. Her doctor said he had not seen her since. Management terminated her employment under Article 4, Section 2 (“dishonesty”). The union filed a grievance, noting that one of the hospitals was transitioning to a new computerized recordkeeping system at the time of her visit and the hospital admitted that numerous patient records had errors or omissions. The union also called for ‘reasonable accommodation’ based on disability. The arbitrator applied the “Daugherty seven tests” of “Just Cause” [*look it up; it will “Google”; list them in your case analysis*] and concluded that management had met its burden of proof. The arbitrator concluded that S\_\_ was “dishonest.” Given her poor work record, discharge was appropriate. Thus, the union’s grievance was denied.

**\*Case #3 (Article 9; Appendix A)**

A part-time Wrapper with eight years’ seniority was asked to work full-time as a Baker’s Helper because there were very few orders needing wrapping and because a Baker’s Helper was on vacation. The Wrapper continued to work full-time as a Baker’s Helper all week. Upon receiving her next paycheck, the employee was surprised. When she had worked as a Wrapper in preceding weeks, she had been paid $10.50/hour. However, as a Baker’s Helper, she had received only $10.00/hour. She filed a grievance.

The Union argued that the “pay rate” for both jobs is the same. Appendix A includes wage differentials based on years of seniority *with the organization*. The employee has eight years’ seniority with the firm and therefore should receive pay at the $10.50/hour rate for all of the hours worked as a Baker’s Helper during the week in question.

Managers argued that seniority pay differentials should be determined based on the amount of time spent *in the particular job classification*. This is implied in the clause in Article 9, reading, “If for one-half (½) or more of the weekly hours an employee is working under more than one of the classifications in 9.3 of this Article, then he/she shall receive the rate of the highest paid classification.” If someone can receive a more money from working in a highly-paid job, then it follows that someone can also receive a less money from working in a job with a lower pay rate. Otherwise, why put that clause in Article 9? The employee had many years of seniority *as a Wrapper*. However, she had less than one year of total accumulated seniority *as a Baker’s Helper*; therefore, the lower pay rate was appropriate.

The arbitrator sided with the Union. He noted that Article 9, section 1, anticipated different base pay rates for different jobs. Because the pay rate happened to be identical for all of the jobs, that section was moot. Further, because seniority was not clearly specified as being within a particular classification of job, the more common “organizational seniority” should be assumed for the longevity pay differentials specified in Appendix A. Consequently, the employee should receive the pay rate commensurate with her level of seniority in the Bakery ($10.50/hour), regardless of which job she performed.

**\*Case #4 (Article 13: Uniforms, section 2)**

On **Sept. 15, 2019**, management issued a new work rule: reimbursement for safety shoes would only be available for the purchase of work shoes meeting the standards of the American National Standards Institute (ANSI) for safety shoes. Management stated that this was because ANSI standards have been adopted by the U.S. Occupational Safety and Health Administration (OSHA) for safety shoes. The Employer argued that it is required by law to adopt OSHA standards for safety equipment and protective clothing. To reimburse employees for other types of shoes that could not be used at work would be wasteful and inconsistent with the purpose of the clause. Further, the issue is moot because no workers have, since management issued a new rule, purchased non-ANSI-compliant safety shoes. Thus, no one has been denied payment and no one has suffered loss.

The union grieved. The Union argued that it negotiated a provision providing for reimbursement to employees who purchase work or safety shoes. If the Employer wished to make application of the provisions of the Agreement conditional on the purchase of only certain brands or types of approved work shoes, then it was required to propose that to the Union and attempt to negotiate an amendment to the parties’ Agreement. It argued that any requirement that protective clothing meet OSHA standards is separate and distinct from the contractual agreement for reimbursement.

The arbitrator first noted that the issue was not “moot.” Workers would naturally comply with the new rule under the longstanding doctrine of “obey now, grieve later.” The union did not have to wait until someone was denied reimbursement to file a timely grievance.

On the substantive issue, the arbitrator ruled in favor of the union. He ordered the firm to reimburse workers for any safety shoes they purchase – not only ANSI-compliant shoes.

If Management wants to specify what shoes should be purchased, then they (1) should negotiate over the type of shoe or (2) they should negotiate a broad “Management Rights” clause and list that as a specific area over which managers have sole authority.

**\*Case #5 (Article 11: Strike Policy)**

Typically, a sales driver loaded his/her truck at the Bakery in the morning and drove to each account, where he would walk through the store, examining the Morning Glory Bakery displays (main snack aisles as well as end-cap displays, racks at checkout stands, and temporary displays). He would straighten up and rotate the product to eliminate stale product, then would return to the truck to bring in new products to be checked by a receiver for the store. Then he would fill the store racks and take out stale products and defective packs and arrange for credit with the store for these. If items appeared to be moving slowly he might bring them back from that store to move them to a “faster moving” store. The sales driver would then change ads and arrange new displays as needed. While walking the store he might speak with the manager about upcoming promotions. Once back at the Bakery the driver would transmit orders for the next day and submit a report for the day ending.

The United Food and Commercial Workers struck seven large grocery stores in the Twin Cities area. Local UFCW 1189 officials told Morning Glory officials that they planned to honor the picket lines. At a sales driver meeting, a manager explained to the drivers that the choice of crossing picket lines was theirs, and that the Company would not discipline anyone who honored the picket lines. Nevertheless, the Bakery still had a business to run and could give full pay only for full work. If a driver decided to cross the picket line, their work would carry on as normal. For an employee who elected not to cross the lines, he could work in the Hibbing bakery. If his hours were affected, his pay would be reduced accordingly. Even then, the Bakery would continue to contribute its part of their benefits.

During the strike the Bakery's sales fell to 40% of normal sales at the struck stores, and the percentage of “stales” also went up as the public generally honored the UFCW's picket lines. Two Morning Glory drivers who honored the picket lines were eventually laid off. The Union grieved saying that these were being punished for honoring the UFCW’s picket line, in violation of the contract. They argued that the company could have done other things than lay workers off. The company responded that the drivers weren’t being ‘punished’ – there simply was not enough in-bakery work for them to do. Further, these drivers chose to honor the picket line and work in the bakery.

The arbitrator sided with management, noting that no discipline was administered or put in the employees’ personnel files. The contract does not require the Company to pay for work which these employees do not perform. The arbitrator wrote, “employees exercised their contractual right to choose not to cross the picket lines; however, choices have consequences and the employees must accept these consequences as the natural result of their choice without blaming the Company for allegedly disciplining them.”

**UNRESOLVED CASES:**

**\*Case #6 (Article 1: Recognition)**

In 2011, a position in the Baker’s Helper department was created: In addition to ½-time regular duties, the person was also ½-time “Safety Coordinator.” Latter duties included:

•  Operates various machines to free other employees so they can become involved in safety training.

•  Collaborates with all employees to find safety solutions and helps promote and implement safety decisions.

•  Helps provide safety feedback to employees and promotes recognition of crew safety achievements.

•  Requires daily involvement in safety: relieves other employees for safety audits, equipment maintenance assistance, and also provides employees time to follow up on safety issues.

•  Facilitates safety training, utilizing all types of training systems, such as, videos, online systems, instructional training on various topics (e.g., food safety compliance, required OSHA training).

•  Develops written safety communications.

•  Is responsible for documenting and tracking safety data using a computer-based system.

Grievant was selected for the job and held it since. In January of this year, the Bakery eliminated the “Safety Coordinator” duties and transferred the duties to a manager; Grievant was told her hours would be reduced from 40 to 20 per week.

Union grieved, arguing that this violated Article 1 by taking work reserved for “bargaining unit” (union) members and giving it to a manager. Union argued that management could not first designate work as “bargaining unit work” and then, “on a whim,” take the work away from the bargaining unit. Grievant must be restored to full-time status with back pay for the period she was only part-time.

Management responded that (1) this work was distinct from all other UFCW work and did not belong in the bargaining unit; for this reason, management had the authority to give this work to a manager; (2) contract did not prohibit transferring such work to a manager; (3) manager had additional duties; therefore, manager’s job was not identical with Grievant’s job.

The case is still pending and has not yet been heard by a grievance arbitrator.

**\*Case #7 (Article 2: Hours of Work and Overtime)**

A sales clerk (“A”) had worked six days during a busy week prior to Christmas, when the Bakery was open six days each week, with extended hours, resulting in two shifts (temporarily) and/or overtime. Each day the clerk worked a few hours of overtime and received “time-and-1/2 pay” as per Article 2. He clocked out at the end of his shift, exited the building, and was standing on a public sidewalk at the edge of the street, talking to a friend, when he got a phone call on his personal cell phone asking him to return to work. It seems that another clerk (“B”) was experiencing ‘an unavoidable delay’ (due to some car trouble) in arriving at work for the next shift and the Bakery needed the first clerk to return to work to continue until Clerk “B” arrived. Clerk “A” returned to duty and worked another 45 minutes. When Clerk “B” arrived, Clerk “A” again clocked out and went home.

Is Clerk “A” entitled to four hours pay at the double-time rate? The Union argued “yes” because he had clocked out at the end of his shift at the end of a sixth day and had left the building and was on a public sidewalk; thus, Clerk “A” had “left the premises.” Article 2, Section 6, guarantees that, Service assignments shall be based on a minimum of four (4) hours*.* Further, since he had already completed his sixth day of working, the extra four hours is to be considered a “seventh day” and entitled to double-time pay, as per Article 2, Section 4. Clerk A was effectively being asked to work a second shift that day: he did not know how long the other worker would be delayed – it might be eight hours. To be called back to work after completing six days of work entitled Clerk “A” to 4 hours of pay at the “seventh day” rate (double-time).

The Company argued “no” because of the following reasons: (1) he hadn’t actually “left the premises” -- he was outside the building with one foot in the parking lot and one foot on the public sidewalk, according to witness testimony. (2) he wasn’t being asked to work a new work shift – only to continue working his old shift 45 minutes longer. The Company argued that Clerk “A” was only entitled to 45 minutes of time-and-one-half pay (based on Article 2, Sections 3 and 5).

*Key issues*:

A. At what point does a worker leave the premises? Had Clerk A left?

B. Was Clerk A asked to work a second (new) shift?

**\*Case #8 (Article 7: Funeral Leave and Article 6: Vacations)**

An employee in his 20s wanted to attend a funeral. His father had divorced his biological mother when he was eight years old, married another woman (“Step-Mother A”) when he was nine, divorced her “when the thrill was gone” and the boy was eleven, and married a third woman (“Step-Mother B”) when he was fifteen. The father is still married to Step-Mother B. However, Step-Mother A died. The son wanted to take a week off for bereavement leave in mid-June, noting that according to his seniority, he was entitled to take two weeks’ leave.

Managers denied the request. They noted the following: (1) the “funeral” leave clause in the contract does not include “former step-parents”; only “parents”; (2) the employee had already taken a week off for vacation in late May and the contract limits the amount of vacation leave a person may take during the summer months; (3) the employee had been unable to find another employee who was willing to “swap” vacation weeks with him;

(4) Management has sole discretion as to whether, on a case-by-case basis, additional leave should be granted. In this instance, given the heavy business demand the manager refused the leave request. Thus, the employee was not entitled to bereavement leave.

The case is still pending.

**\*Case #9 (Article 6: Vacations)**

An employee, initials KM, had a vacation scheduled. However, the day before she was to begin her vacation, a manager told her that she must report for work the next day. She complied but filed a grievance through her Union.

The Union position was that vacations are an entitlement, as noted in Articles 6.1 and 6.2. Further, Article 6.5 notes that vacations will be “mutually arranged.” Once arranged, and employees have made travel reservations, it is unreasonable for management to order them to cancel their plans and report for work at the last possible moment. If Management cannot find other employees to work during a previously-scheduled vacation, they should call a temporary agency. The employee complied with the request only because of the “obey now, grieve later” doctrine, as advised by the Union.

Management responded that it was an emergency situation: An employee who was scheduled to work while the employee took vacation was ill and needed an appendectomy, and no other replacement could be found. Article 6.5 points out that “should the vacation time requested by the employee interfere with the operation of the business, the Employer and employee will mutually arrange a vacation time as near as possible to the time desired by the employee that will not interfere with the operation of the business.” Note the words, “not interfere with the operation of the business” and “mutually arrange.” These phrases imply that Management can adjust the vacation schedule to accommodate business needs. Management also offered an alternative opportunity for a vacation, which the employee accepted. Under the “tender back” doctrine, if an employee accepts an offer of something of value, they thereby forfeit their right to make a claim.

**\*Case #10 (Article 3: Seniority; Americans with Disabilities Act)**

A Baker’s Helper with three years’ seniority took a voluntary leave of absence for two weeks due to a disabling injury, then, with permission, he took unpaid disability leave for six months. After this, he voluntarily took a clerical position in the Morning Glory Creative Gourmet Foods warehouse -- a department that was outside of the bargaining unit. He took this position based upon his doctor’s recommendations and with the approval of management. He worked outside of the UFCW bargaining unit (that is, he worked in non-union positions) for nineteen months and then, following his recovery sought to transfer back into the bargaining unit, applying for a different, vacant, Baker’s Helper position.

This raised some important questions: Did the worker need to complete a probationary period as an Baker’s Helper employee? Or is he considered a returning employee? How long is the probationary period anyway?

Management argued that he should complete a new probationary period as if he were a *new employee*, because he has been away from the job (and out of the bargaining unit) for nineteen months; further, his prior performance record as Baker’s Helper was not stellar. Therefore, he needs to ‘prove’ he can do the job to management’s satisfaction and managers need the flexibility to terminate his employment, should he fail to perform.

The Union argued that he should be considered *a returning employee* because he had done the job for several years previously; he shouldn’t have to prove to management that he can do the job.

This case – and all “unresolved cases” listed here – is still pending and has not yet been heard by a grievance arbitrator. How should this case be resolved? Why? How have similar cases been resolved? How are they different from or similar to your case?

**\*Case #11 (Article 3; Article 12; Appendix A)**

An injured employee was at home, recovering from a work-related injury. If he was receiving Worker’s Compensation due to his injury was he also eligible to receive a pay raise as a result of achieving a new level of seniority? (Such a raise would increase his Worker’s Compensation benefit also.)

The Union argued ‘yes’ because the contract language did not prohibit such raises. The worker was entitled to the same compensation as his peers; Workmen’s Compensation was designed as a “no-fault” system and therefore the worker should not financially suffer as if it were his fault that he was injured.

The Company argued ‘no’ because the contract language did not require such raises, nor did it specify that the worker was entitled to any pay raise during the period of injury; because the employee was recuperating and not working, the worker was receiving adequate compensation at the level of their salary at the time of injury. He should receive a raise upon his return to work, not before.

The case is still pending and has not yet been heard by a grievance arbitrator.

**\*Case #12 (Article 4: Discharge)**

Two drivers (“Abe” & “Ben”) had an argument. Abe allegedly threatened Ben with bodily harm with a knife. Later that same day, Ben was approached by a supervisor and told that he and Abe should help load each other’s trucks. Ben refused, citing that Abe had threatened him; Ben then filed a written complaint. Upon investigation, another employee, Ken, claimed to have heard Abe threaten Ben. Abe denied making threats, but a large knife was found in his locker. Management fired Abe, noting that he had other blemishes on his work record (for absenteeism). The union grieved for Abe to get his job back, claiming that Ken couldn’t have heard the conversation due to truck and machinery noise. Even if Abe was guilty, discharge was too harsh a punishment. However, the union felt that Ben and Ken fabricated the incident to try to get Abe fired because neither liked him. Ken coveted Abe’s route and had purposely made work difficult for Abe in the past. The case is still pending and has not yet been heard by a grievance arbitrator. The case can be resolved through negotiation as part of the new contract, if both sides wish.

**\*Case #13 (Article 2: Hours of Work and Overtime)**

Union filed a grievance over management forcing employees to work mandatory overtime.

Management argued that it was appropriate, given that nothing in the contract limited management’s ability to require overtime, as long as higher wages were paid.

The union objected, claiming that this was simply a failure of management to schedule workers efficiently – or a failure to hire enough workers.

The case is still pending and has not yet been heard by an arbitrator. Further, teams may wish to negotiate over whether managers can require overtime and if so, how much.

**\*Case #14 (Article 4: Discharge)**

Bakery manager noticed beer cans on floor of delivery van on Tuesday morning, Sept.3, 2019, and notified management. Managers found driver and administered breath test for alcohol. Test results indicated that the driver was sober, although his speech was slurred. Driver was fired. Union grieved.

Management noted the following: Beer cans on floor violated Article 4. Employee had only seven months seniority and had been warned once before about keeping delivery vehicle interior clean. A manager testified, “taking a company vehicle on a fishing trip showed very poor judgment,” and “the grievant should have known that beer cans in van were prohibited and would attract attention – the entire van reeked of stale beer.”

Union responded that the grievant had been allowed to take van home at the end of his previous shift on Friday August 30th, as was customary; he had Labor Day off. Discharge was too severe a punishment for an oversight: Driver had taken van on a short fishing trip on morning of Saturday, Aug. 31st with a cousin. Cousin had several beers and left empty cans in van. Driver testified that he did not drive van while under the influence, nor did he allow cousin to drive the van. Cans were empty when driver took van to the bakery; thus, driver was guilty of neither “drunkenness” nor “drinking on the job.” Union attorney argued that his speech was slurred because he had badly burned his tongue on hot grilled food on Labor Day. Finally, nothing in the contract limited what the driver could do with his van on the weekends. An arbitrator has not yet decided this case.

Also, the representatives negotiating the new contract may (or may not) wish to clarify in the new contract how trucks may be used during off-duty hours.

**\*Case #15 (Article 4: Discharge)**

Employer contends that a bakery delivery driver blocked the driver of a parked automobile for 25 minutes with his delivery truck. When the other driver complained about being blocked, the delivery driver allegedly “only laughed.” The driver of the other vehicle took a photograph with his cell phone and sent it to the Bakery owners.

In the course of investigating the incident, Employer concluded that the delivery truck driver had made three false reports regarding his route and hours worked. The Employer terminated the delivery driver’s employment.

The Union denies all charges. The other driver, a purchasing manager at a retail establishment, has a history of seeking credits from the Route Driver, so that the credits reduce his bakery goods bill. When the Driver refused to ‘play along’ with his attempt to scam Employer into giving him credit, the manager filed the complaint. The Union notes that the delivery driver had recently received a commendation from management and had many positive customer reviews. The delivery was made in January, and a passing snowplow had “plowed in” *both* vehicles.

As for the false reports, Employer had recently implemented a new reporting system and the Route driver contended that he had not been adequately trained on the new system; thus, he relied upon the old system. If he was not filing reports accurately, it was incumbent upon managers to warn him of this and to provide adequate instructions as to the proper procedure.

**\*Case #16 (Article 4: Discharge)**

Employer contends that longtime employee, Mr. Xavier, has two adult sons, who operate a bakery business which directly competes with Morning Glory Bakery. They produce several baked goods that seem to rely upon what Morning Glory considers proprietary trade secrets, and Mr. Xavier is suspected of appropriating said trade secrets; video cameras recorded him apparently copying recipes into a notebook.

Union representing Mr. Xavier denies all charges. It is true that the adult sons operate a bakery, but that bakery is located in Austin, MN, 43 miles away, well beyond the geographic reach of Morning Glory. Further, any similarity between their products and those of Morning Glory are coincidental – after all, there are only so many ways to make donuts and pastries. As for the alleged copying of recipes by Mr. Xavier, he was actually noting ingredient inventory levels in order to determine which supplies needed reordering.

This case has not yet been decided by the arbitrator.

**\*Case #17 (Article 4: Discharge; Americans with Disabilities Act)**

Union claims that worker shouting "Fire" in the middle of her busy shift in **March, 2019**, was actually the syllable “Fi!” (as in “Fee, Fi, Fo, Fum”…) and was not shouting the word “Fire.” The shouting was an "involuntary vocalization" as a result of the Tourette's syndrome she has suffered from since childhood and thus is protected from discharge by federal disability law. Union charges that, in addition to violating the contract, management illegally, overtly, and intentionally discriminated against her due to her condition; this happened when a manager publically fired her without investigation, authorizing medical treatment, or even first administering lesser discipline. Management noted that bakery was crowded and her repeated shouting of “Fire!” caused customers to panic and rush out the door, causing a significant loss of business and a few minor injuries when one man slipped on the wet sidewalk outside and another man tripped over him.

The case is still pending and has not yet been heard by a grievance arbitrator.

**\*Case #18 (Article 4: Discharge)**

Grievant, an employee with less than one year’s seniority, brought a “Banshee Junior Archery Set” into work. Manager warned him to put the archery set in his car, but he swore at the manager. So the manager fired him.

Union contends that management did not have authority under Article 4 to immediately fire the employee. The employee had bought the archery set for his son for Christmas; however, he discovered that his wife had already bought a “better” archery set for the son, so the father decided to return this one. He intended to return it to a nearby store during his lunch break. It was a toy, in the original, clear, packaging. No article of the contract provides for immediate discharge for bringing a toy archery set to work. Finally, the manager was a new hire and the Grievant did not realize that he was swearing at a new manager because he was not his direct supervisor. He had not met the man before.

Management contends that a customer saw the grievant walk into the building carrying a bow and arrow set and complained to a manager that she felt fearful because she had recently watched a TV program on “Violence in the workplace” and she didn’t know what this man intended to do.

So the manager (not his direct supervisor) told the Grievant that he could not bring the archery set onto the premises because it was considered a weapon, a customer had complained, and that he should “get it out of here before somebody else sees it.” Grievant said, “What?” and the manager repeated that the archery set was considered a weapon because it had real arrows with metal-pointed tips, whereupon Grievant replied, “\*\*\*\* off” and continued walking toward his locker. At that point, the supervisor discharged the grievant. Management has the authority to create and enforce rules necessary for safety and to put customers at ease. Further, the Grievant was guilty of insubordination by ignoring a direct order (to put the archery set in the car) and swearing at the manager.

The case is still pending; the parties can negotiate whether the Grievant gets his job back.

**\*Case #19 (Article 3: Seniority; Article 6: Vacations)**

A vacancy appeared in the Baker’s Helper department and the most senior person, an in-store Salesperson with 14 years’ seniority, declined the opportunity to transfer. The next-most-senior employee, a Fryer with nine years’ seniority, was on a two-week vacation. No one else wanted to transfer. So a new employee was hired.

Upon returning from vacation, the Fryer filed a grievance, stating that he had wanted the Baker’s Helper job but no one contacted him to tell him he could apply for the vacancy. Management replied that the vacancy was posted for 72 hours on a bulletin board in the Bakery as required by the contract and that a manager had even called his home to tell him of the vacancy, but no one answered the telephone (the Grievant said he and his family were travelling). The Grievant wants the Baker’s Helper job, with the new employee transferred to the Fryer department. Management replies that the new employee has proven that he is qualified to be a Baker’s Helper and the firm is under no obligation to grant the Grievant’s request.

**\*Case #20 (Appendix “A” and “Letter of Understanding” (pg. 16)**

Sunny Simpson, was hired in 2010 for a bargaining-unit position, but was hired as a “baker’s helper” at a very high rate: $12.00 per hour. This was because of her vast and somewhat rare experience in baking European goods, particularly Potica and Bonkett (also spelled “Banket” or “Bonket”). In addition to her regular duties, she helped train some of the other employees at a time when the bakery was showing considerable growth.

Because her wage was so much higher than that of other “baker’s helpers”, in 2013 a “Letter of Understanding” between the union and the company designated her wage as being “red-circled.” This meant that it would not be subject to normal pay increases during the contract period. With each successive contract, the letter of understanding was renewed by simply repeating the letter at the end of the contract. Thus, Ms. Simpson earned $12.00 per hour from 2013 until 2020. On January 20, 2020, due to arthritis, Ms. Simpson transferred to a different position within the bargaining unit (a “fryer”).

The bakery’s position was that because Ms. Simpson left her $12.00/hour job for a different position within the firm, she should receive $11.75 per hour – the current wage for someone with 5 or more years of seniority. She is no longer performing the extra training duties or the original job baking, so she is no longer worth the $12.00 per hour she formerly received. Neither the contract nor the letter of understanding addresses this specific situation. At the time these were originally negotiated, it was understood that the “red-circled” wage rate was for a specific person (Ms. Simpson) performing a specific job (“Baker’s helper”). It was not a permanent entitlement for her to always be paid $12.00 per hour. Thus, it is appropriate to pay the wage rate specified in the contract.

The union position was that the language of Appendix A was clear: “The employee shall receive the higher of either (1) their current red-circled wage rate or (2) the wage rate specified in the contract for their appropriate length of service.” $12.00 is greater than $11.75. If a person was in the bargaining unit, it didn’t matter what job they held. The red-circled wage rate was tied to the person, not the job they held at the time they were red-circled. Therefore, Ms. Simpson should continue to receive $12.00 per hour.

The case is still pending and has not yet been heard by a grievance arbitrator.

As you read these cases, carefully consider the issues associated with each case.

1. What was problematic about the collective bargaining contract language that contributed to the grievance associated with each case? Why do you think that each case went to arbitration?

2. What “relevant contract language” from other arbitration cases (or similar contract clauses) did you find? (cite your sources) Is that better language than your contract? Why or why not?

3. Which cases did your side win? How can you preserve each ‘victory’ by re-writing the relevant contract clauses? **Give suggested revised (or added) contract language.**

4. Which cases did your side lose? What do you want to see “instead” (of the arbitrator’s ruling) in the new contract? **How can you reverse each loss by re-writing the relevant contract clauses? How should each clause be re-worded to give you what you prefer?**

5. Of the unresolved cases, how should each be resolved? Why? How have similar cases been resolved? **How should each clause be re-worded:** What contract language will you seek – either in the new contract itself or in a ‘memo of understanding’ – to insure you get what you want for each case?

6. Which FIVE of these cases (both resolved and unresolved) seem most important to your side? Why are these particularly important?

*Note:* Later in your “preparation for bargaining” work you will create a list of your initial and realistic bargaining positions. For ONE of the items in your list, you must include resolution of the five cases you identified as “particularly important” (Q #6). Of course, for your initial bargaining positions, feel free to state more “extreme” positions or seek to resolve more than five cases in your favor – and then concede to more realistic positions.

***NOTE:* The Second Assignment continues on the following page...**

*Part V: Personality and Demographic Information:*

Please answer all of the following:

1. Please answer ONE of the following:

1a. Within the Lewicki, *et al.* textbook, please skim the chapter dealing with “sex, gender and negotiation” (Ch. 14). Also, examine Reading 4.1 by Babcock in the book of readings. Please tell how the information in the “Theoretical Perspectives” and “Empirical Findings” sections of chapter 14 – and the Babcock reading – can be applicable to your upcoming mock contract negotiations, given the composition of the two groups.

1b. Within the Lewicki, *et al.* textbook, please skim the chapter dealing with “sex, gender and negotiation” (Ch. 14). Please tell how the information in the “Overcoming Gender Differences” (Motivational Interventions, Cognitive Interventions, and Situational Interventions) can apply to your upcoming mock contract negotiations, given the composition of the two groups.

2. Your book was published in 2019, with a 2020 copyright date. So it was probably last revised in 2017. Fairly current, but let us find some *really* current research: Go to the Internet and enter the name of the search engine <https://scholar.google.com/> Enter the search terms “Personality + Negotiation” or “Personality + Bargaining” or “Personality + Problem Solving.” After your results appear, click on the option at the far left to limit the results to articles since 2017.

 Summarize in your own words (1-2 pages each) the findings of **three** full-text recent research studies. Don’t just copy the abstracts. Give the web link or include a photocopy of each article in an appendix. How can your team **use** the information from **each** study in your negotiations?

3. Please answer ONE of the following:

3a. Using the **“Big Five” personality variables PLUS the Thomas-Kilmann Conflict Styles** as discussed in the “Individual Differences” (Ch. 15) chapter of the Lewicki *et al.*  book, describe your personality. How do you score on each of the “Big Five” dimensions? Which single Conflict Style best describes you? I know, you don’t have a battery of personality tests at your disposal, but intuitively, you know how you are. (There are some free personality tests found in the PsychTests database (EbscoHost) and within some journal articles within the PsychArticles database at Murphy Library; feel free to print any and complete them if they seem relevant. Don’t forget to cite the source!). Be sure to briefly define each personality variable that you use.

 Analyze the personality of each member of your negotiation team. You can make a chart if you wish.

3b. Using at least **six** (your choice, but not “gender”) of ***personality variables*** (e.g., propensity to trust; self-monitoring) such as those discussed in your in-class presentations or mentioned in the “Individual Differences” (Ch. 15) chapter of the Lewicki *et al.*  book, describe your personality. I know, you don’t have a battery of personality tests at your disposal, but intuitively, you know how you are. (There are some free personality tests found in the PsychTests database (EbscoHost) and within some journal articles within the PsychArticles database at Murphy Library; feel free to print any and complete them if they seem relevant. Don’t forget to cite the source!). Be sure to briefly define each personality variable that you use.

Analyze the personality of each member of your negotiation team. You can make a chart if you wish.

4. Profile one opposing team member (as best you can) using the same six variables as you used answering #3. Repeat this exercise for EACH member of the opposing team. Describe their team. You can make a chart if you wish.

5. Using the information from the chapter as well as your answers to questions #2 through #4, do **three** pair comparisons (EITHER one member of your team against three different opposing team members OR each member of your team against a different member of the opposing team OR each member of your team against one of the opposing team members). What “advice” do you extrapolate from the profiles, the book (e.g., Chapters 2-4; Ch. 15) and/or other published research regarding how your team should bargain with such opponents?

**Third Assignment: Complete Part VI, below.**

*Part VI: Process Information – complete parts “A” and “B” & “C”:*

A. Please use at least **TEN** of the questions below to create a “plan” for your negotiation. Note that the plan has several broad, open-ended questions relating to the process of negotiation generally and also to integrative bargaining techniques. Be sure to answer question #5.

For many questions specific examples are offered in a separate list on the right. These are just examples of terms that you *might* use in your answers if they fit your negotiation exercise and strategy. Some questions require you to use information from the first assignment.

*The questions: Sample descriptive terms/helpful tips:*

1. Describe the interests of each party. See text, Ch. 3, & Reading 1.9 (by Lax)

Financial security

 More free time

2. What do you think **the other side’s realistic goals**

are for specific wages and benefits? Be specific.

 Why do you say that? What information will you

raise to cause them to question their own goals?

3. What are the parties’ COMMON interests? Increase business

Unite against others

4. List the terms and objective standards and See text, Ch. 4

 the ways that you will “sell” your proposals Dollars; Industry standards

 to the other side. Other firms’ contract clauses

5. Select your bargaining strategy & tactics See text, esp. Ch. 2, 3, 6, & 8

(THIS IS A KEY QUESTION FOR PART VI

 AND YOU NEED TO BE QUITE DETAILED)

6. What are the “ground rules” for the negotiation? Create the agenda

Brainstorming

7. How will you start the negotiation? Belittle self

 Make opening demands (see text, ch.2)

8. What other tactics will you use? Acknowledge concerns; tell stories

 See text, ch. 9

9. What tactics will you use to “tie-down” the deal? ‘Single-text’ process

 Public commitment (see text, ch.2)

10. How do we insure compliance with the deal? Penalties for non-compliance

 Build in arbitration

11. How do you measure the utility (value) of the

Deal to each party? See checklist for #3 above.

12. What will you do if they act unethically, try to be See text, Ch. 2, 5, & 18

 ultra-competitive, or try to “play dirty tricks?”

Don’t just sit down at the computer and “wing it.” Use information from the Lewicki *et al.* textbook – or other scholarly writings on bargaining techniques – to help you formulate your answers. That means that you and everyone else on your team should first skim the relevant chapters and then discuss these readings within your group *before* you all go to the computer lab to type answers! Feel free to cite page numbers from the Lewicki book or sources as you give answers. After you have developed your plan, print it for your report. (*Continued on next page*)

*Part B*. Applying concepts from the text and readings. Please answer **FOUR** of the following:

1. Using the Lewicki *et al.* textbook (Ch. 8; Chapter on “Negotiation Power”) and book of readings (e.g., Reading 2.7 by Pfeffer), define “bargaining power.” Identify **three** sources of power. How can you use EACH source of power in your upcoming negotiations?

2. Using information from the textbook (Ch. 2; Ch. 8), tell how to deal with an opposing negotiation team whose members think that they have more “power” than you.

3. Your text says “Effective information exchange promotes the development of good integrative [‘win-win’] solutions…the failure to reach integrative agreements is often linked to the failure to exchange enough information to allow the parties to identify integrative options.” (p. 74). It sounds simple enough…but it isn’t. Using information from Ch. 3, tell me: What are the common barriers to information exchange in bargaining? How can you get the other side to share more information with you so that you can bargain effectively?

4. Your text (Ch. 3) devotes several pages to the topic of “defining the problem” you are negotiating. Recount **three major points** from that section of the chapter. How can you apply this information to your upcoming negotiations?

5. Your text (Ch. 3) has a section entitled “Generating alternative solutions by redefining the problem…” This lists five types of techniques, as well as some questions about each.

 Describe and discuss **three of these** types of techniques. The text makes it sound like each is universally mutually-beneficial, but is that always the case? Under what conditions would you want to – and not want to – use these three techniques?

6. What is “brainstorming?” What is “electronic brainstorming?” (See text, Ch. 3) Spend some time in the Murphy Library Ebscohost and Proquest ABI-Inform databases (be sure to select PsychArticles & PsychInfo) or in “Google Scholar.” Summarize at least **three** empirical research articles on brainstorming (print the articles and put them in an appendix). How can you use those research findings in your upcoming negotiations?

7. **What is “logrolling” (creating a “package deal”)? What are different ways to “logroll”** (perhaps discussed in Ch. 3 of the text)? Using the Murphy Library Ebscohost and Proquest ABI-Inform databases (be sure to select PsychArticles & PsychInfo) and/or “Google Scholar” find **three** empirical research articles, published in the last fifteen years, dealing with “logrolling” (one article should be published in the last three years). Summarize the key findings (print the articles and put them in an appendix). How can you use those research findings in your upcoming negotiations?

8. Your text (Ch. 2) discusses the importance of assessing the other side’s “Resistance Point” (RP). What is an RP? Why is it important to assess? How can you assess it? What does the research say about RPs and bargaining? (almost none is cited in the text, so you’ll have to look in the databases under “Resistance Point” or “BATNA.”

9. What are **three key points** your text makes (Ch. 2) about “Commitment” in negotiations?

 How can you use this information (note: Answer should be different from answer to Question #9 on previous page).

10. Ch. 6 (text) and reading 2.1 (Neale & Bazerman) discuss “cognitive biases” in negotiations. Define and discuss **three** of these – and how to avoid ‘falling victim’ to these in your negotiations.

11. Ch. 6 (text) discusses “Perception” in negotiations. Define and discuss **three** aspects of “perceptual distortion”– and how this affects negotiation. How can you use these phenomena to your advantage in your negotiations?

C. Answer **ONE** of the following:

1. Read **four** of the following articles about “**framing**” and negotiation (NOT on reserve in Canvas but

 available via the Murphy Library website (Ebscohost, PsychInfo, or PsychArticles databases) or

 Google Scholar. Summarize each of your **four** articles (one page each; don’t simply copy the

 abstract!). How does the information correspond to (and differ from) information in your textbook

 (on framing)? How can you use information from each article in your upcoming negotiations?

\*Trötschel, R., Loschelder, D. D., Höhne, B. P., & Majer, J. M. (2015). Procedural frames in

 negotiations: How offering my resources versus requesting yours impacts perception, behavior,

 and outcomes. ***Journal Of Personality And Social Psychology***, 108(3), 417-435.

\***EITHER**: Fuller, R. P., & Rice, R. E. (2014). Lights, Camera, Conflict: Newspaper Framing of

 the 2008 Screen Actors Guild Negotiations. ***Journalism & Mass Communication Quarterly***,

 91(2), 326-343. doi:10.1177/1077699014527455 **OR** Fuller, R. P., & Putnam, L. L. (2018).

 Union framing of conflict‐related issues in the entertainment industry. ***Conflict Resolution***

 ***Quarterly***.

\*Thomas, S., Eastman, J., Shepherd, C. D., & Luther, T. D. (2018). A comparative assessment of win-win and win-lose negotiation strategy use on supply chain relational outcomes. ***International Journal of Logistics Management,*** 29(1), 191-215.

\*Glozman, E., Barak-Corren, N., & Yaniv, I. (2015). False negotiations: The art and science of

 not reaching an agreement. ***Journal Of Conflict Resolution***, 59(4), 671-697.

\*Caputo, A. (2013). A literature review of cognitive biases in negotiation processes.

 ***International Journal Of Conflict Management,*** 24(4), 374-398.

**\***Inderst, R., & Montez, J. (2019). Buyer power and mutual dependency in a model of negotiations. ***RAND Journal of Economics*,** 50(1), 29–56.

**\*EITHER:** Kolev, K., Wiseman, R. M., & Gomez-Mejia, L. R. (2017). Do CEOs ever lose? Fairness perspective on the allocation of residuals between CEOs and shareholders. ***Journal of Management*,** 43(2), 610–637. **OR** Chong, N., Deroubaix, J.-F., & Bonhomme, C. (2018). Eyes wide shut: Exploring practices of negotiated ignorance in water resources modelling and management. ***Journal of Environmental Management,*** 227, 286–293.

**\***Yao, S., Wang, Y., Peng, J., & Song, L. (2018). The framing effect of negation frames.

 ***Journal of Risk Research,*** 21(6), 800-808.

**\***Carnevale, P. J. D. (2008). Positive affect and decision frame in negotiation*.* ***Group Decision***

 ***and Negotiation,*** 17, 51–63.

**\***Sheldon, O. J., & Fishbach, A. (2015). Anticipating and resisting the temptation to behave

 unethically. ***Personality and Social Psychology Bulletin***, 41(7), 962-975.

\*Giordano, R., Brugnach, M., & Pluchinotta, I. (2017). Ambiguity in problem framing as a

 barrier to collective actions: some hints from groundwater protection policy in the Apulia

 Region. ***Group Decision and Negotiation,*** 26(5), 911-932.

\*Lavine, M., Cobb, J. A., & Roussin, C. J. (2017). When Saying Less Is Something New: Social Movements and Frame-Contraction Processes. ***Mobilization,*** 22(3), 275–292.

**\*EITHER:** Fuller, R. P., & Putnam, L. L. (2018). Union framing of conflict‐related issues in the entertainment industry. ***Conflict Resolution Quarterly***, 36(1), 53-67 **OR** Signoretti, A. (2019). Explaining variation in the social performance of lean production: a comparative case study of the role played by workplace unions' framing of the system and institutions. ***Industrial Relations Journal.*** (published online; https://doi.org/10.1111/irj.12244).

2. Read **four** of the following articles about “**trust/distrust/suspicion**” (NOT on reserve in Canvas but

 available via the Murphy Library website (Ebscohost, PsychInfo, or PsychArticles databases) or

 Google Scholar. Summarize each article (one page each; don’t simply copy the abstract!). How does

 the information correspond to (and differ from) information in your textbook (on trust / distrust /

 suspicion)? How can you use information from each article in your upcoming negotiations?

 \*Oza, S. S., Srivastava, J., & Koukova, N. T. (2010). How suspicion mitigates the effect of

 influence tactics. ***Organizational Behavior and Human Decision Processes***, 112(1), 1-10.

 \*Sinaceur, M. (2010). Suspending judgment to create value: Suspicion and trust in negotiation.

 ***Journal Of Experimental Social Psychology,*** 46(3), 543-550.

 \***EITHER:** Kong, D. T., Dirks, K. T., & Ferrin, D. L. (2014). Interpersonal Trust within

 negotiations: Meta-analytic evidence, critical contingencies, and directions for future research.

 ***Academy Of Management Journal***, 57(5), 1235-1255, **OR**

 Lu, S. C., Kong, D. T., Ferrin, D. L., & Dirks, K. T. (2017). What are the determinants of

 interpersonal trust in dyadic negotiations? Meta-analytic evidence and implications for future

 research. ***Journal of Trust Research,*** 7(1), 22-50. **OR**

Kong, D. T., & Yao, J. (2019). Advancing the scientific understanding of trust and culture in

 negotiations. ***Negotiation and Conflict Management Research,*** 12(2), 117-130.

\*Kong, D. T. (2015). Narcissists' negative perception of their counterpart’s competence and

 benevolence and their own reduced trust in a negotiation context. ***Personality and Individual***

 ***Differences***, 74, 196-201.

\***EITHER:** Barua, A., Vij, S., & Zulfiqur Rahman, M. (2018). Powering or sharing water in the

 Brahmaputra River basin. ***International Journal of Water Resources Development***, 34(5), 829-

 843 Available online: <https://iahr.tandfonline.com/doi/full/10.1080/07900627.2017.1403892>

 **OR** Lee, J., & Lee, J. (2018). Seeds of distrust: Conflicts over sustainable development in a

 local fracking policy network in New York State. ***Public Management Review*,** 20 (1), 108-135.

 Available online: <https://www.researchgate.net/profile/Jeongyoon_Lee4/publication/318590792_Seeds_of_distrust_conflicts_over_sustainable_development_in_a_local_fracking_policy_network_in_New_York_State/links/5a04bfa8aca2726b4c72276e/Seeds-of-distrust-conflicts-over-sustainable-development-in-a-local-fracking-policy-network-in-New-York-State.pdf>

\*Haselhuhn, M. P., Schweitzer, M. E., Kray, L. J., & Kennedy, J. A. (2017). Perceptions of high

 integrity can persist after deception: How implicit beliefs moderate trust erosion.

 ***Journal of Business Ethics,*** 145(1), 215-225.

\*Wong, R. S., & Howard, S. (2018). Think twice before using door-in-the-face tactics in repeated

 negotiation: Effects on negotiated outcomes, trust and perceived ethical behaviour.

 ***International Journal of Conflict Management***, 29(2), 167-188.

\*Yao, J., Zhang, Z. X., & Brett, J. M. (2017). Understanding trust development in negotiations:

 An interdependent approach. ***Journal of Organizational Behavior***, 38(5), 712-729.

\*Kung, F. Y., Chao, M. M., Yao, D. J., Adair, W. L., Fu, J. H., & Tasa, K. (2018). Bridging

 racial divides: Social constructionist (vs. essentialist) beliefs facilitate trust in intergroup

 contexts. ***Journal of Experimental Social Psychology***, 74, 121-134.

\*Sah, S., Loewenstein, G., & Cain, D. (2019). Insinuation anxiety: Concern that advice rejection will signal distrust after conflict of interest disclosures. ***Personality and Social Psychology Bulletin,*** 45(7), 1099-1112.

\*Lander, M. W., & Kooning, L. (2013). Boarding the aircraft: Trust development

 amongst negotiators of a complex merger. ***Journal of Management Studies***, 50(1), 1-30

\*Barkat, J. S. (2019). Reaching for ripeness: promoting negotiation through unilateral

 conciliatory action. International Journal of Conflict Management, 30(2), 180-201.

3. Read **four** of the following articles about “**emotion & negotiation**” (NOT on reserve in Canvas but

 available via the Murphy Library website (Ebscohost databases or interlibrary loan) or Google

 Scholar or via interlibrary loan. Summarize each article (one page each; don’t simply copy the

 abstract!). How does the information correspond to (and differ from) information in Ch. 6 of your text

 (on emotions)? How can you use information from each article?

 \*Sinaceur, M., Kopelman, S., Vasiljevic, D., & Haag, C. (2015). Weep and Get More: When and

 Why Sadness is Effective in Negotiations. ***Journal Of Applied Psychology***, 100(6), 1847-1871.

\*Brown, A. D., & Curhan, J. R. (2013). The Polarizing Effect of Arousal on Negotiation.

 ***Psychological Science*** (Sage Publications Inc.), 24(10), 1928-1935.

 \*Lelieveld, G., Van Dijk, E., Van Beest, I., & Van Kleef, G. A. (2013). Does communicating

 disappointment in negotiations help or hurt? Solving an apparent inconsistency…

***Journal of Personality and Social Psychology***, 105(4), 605-620. doi:10.1037/a0033345.

\*Adam, H., & Brett, J. M. (2015). Context matters: The social effects of anger in cooperative, balanced, and competitive negotiation…***Journal of Experimental Social Psychology***, 61, 44-58.

\*Sinaceur, M., Adam, H., Van Kleef, G. A., & Galinsky, A. D. (2013). The advantages of being

 unpredictable: How emotional inconsistency extracts concessions in negotiation. ***Journal of***

 ***Experimental Social Psychology,*** 49(3), 498-508.

**\*EITHER:** De Melo, C. M., Carnevale, P., & Gratch, J. (2011). The Impact of Emotion Displays in Embodied Agents on Emergence of Cooperation with People. ***Presence: Tele-operators &***

 ***Virtual Environments,*** 20(5), 449-465. **OR** Laubert, C., & Parlamis, J. (2019). Are You Angry

 (Happy, Sad) or Aren’t You? Emotion Detection Difficulty in Email Negotiation. ***Group***

***Decision and Negotiation,*** 28(2), 377-413.

\*Reif, J. A., & Brodbeck, F. C. (2017). When do people initiate a negotiation? The role of

 discrepancy, satisfaction, and ability beliefs. ***Negotiation and Conflict Management Research***,

 10(1), 46-66.

\***EITHER:** Shore, D. M., & Parkinson, B. (2017). Interpersonal effects of strategic and

 spontaneous guilt communication in trust games. ***Cognition and Emotion,*** 32(6), 1-9. **OR**

 Maaravi, Y., Idan, O., & Hochman, G. (2019). And sympathy is what we need, my friend—

 Polite requests improve negotiation results. ***PloS one,*** 14(3), e0212306.

\*Levine, E. E., Barasch, A., Rand, D., Berman, J. Z., & Small, D. A. (2018). Signaling emotion

 and reason in cooperation. ***Journal of Experimental Psychology: General,*** 147(5), 702.

\*Wang, X., Krumhuber, E. G., & Gratch, J. (2018). The interpersonal effects of emotions in

 money versus candy games. ***Journal of Experimental Social Psychology***, 79, 315–327.

\*Kung, F. Y., & Chao, M. M. (2018). The Impact of Mixed Emotions on Creativity in

 Negotiation: An Interpersonal Perspective. ***Frontiers in psychology***, 9 (full-text online:

 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6336894/> )

\*Van Kleef, G. A., & Côté, S. (2018). Emotional dynamics in conflict and negotiation:

 Individual, dyadic, and group processes. ***Annual Review of Organizational Psychology and***

 ***Organizational Behavior***, 5, 437-464.

\*Schlegel, K., Mehu, M., van Peer, J. M., & Scherer, K. R. (2018). Sense and sensibility: The

 role of cognitive and emotional intelligence in negotiation. ***Journal of Research in Personality***,

 74, 6-15.

\*Ramirez-Fernandez, J., Ramirez-Marin, J. Y., & Munduate, L. (2018). I expected more from

 you: The influence of close relationships and perspective taking on negotiation offers. ***Group***

 ***Decision and Negotiation,*** 27 (1), 85-105.

4. Read **four** of the following articles about **nonverbal behavior** and negotiation (NOT on reserve in Canvas but perhaps available via the Murphy Library website (Ebscohost, PsychInfo, or PsychArticles databases). Summarize each of your three articles (one page each; don’t simply copy the abstract!). How does the information correspond to (and differ from) information in your textbook? How can you use information from each article in your upcoming negotiations?

\*Giacomantonio, M., Jordan, J., Federico, F., van den Assem, M. J., & van Dolder, D. (2018). The evil eye: Eye gaze and competitiveness in social decision making. ***European Journal of Social Psychology*,** *48*(3), 388–396.

**\***Elfenbein, H. A., Der Foo, M., White, J., Tan, H. H., & Aik, V. C. (2007). Reading your counterpart: The benefit of emotion recognition accuracy for effectiveness in negotiation. ***Journal of Nonverbal Behavior*,** 31(4), 205-223.

\*Bonaccio, S., O’Reilly, J., O’Sullivan, S. L., & Chiocchio, F. (2016). Nonverbal behavior and communication in the workplace: A review and an agenda for research. ***Journal of Management,*** 42(5), 1044-1074.

\*Rothman, N. B., & Northcraft, G. B. (2015). Unlocking integrative potential: Expressed emotional ambivalence and negotiation outcomes. ***Organizational Behavior and Human Decision Processes***, 126, 65-76.

\* Bi, Y., Xiang, Z., Li, S., & Zhang, B. (2018). Overfeed the Bold, Starve the Cowardly: A Legend or Reality? ***Journal of gambling studies***, 34(4), 1139-1163.

\*Williams, M. J., & Tiedens, L. Z. (2016). The subtle suspension of backlash: A meta-analysis of penalties for women’s implicit and explicit dominance behavior. ***Psychological Bulletin***, 142(2), 165-197.

**\***Vrij, A., Hartwig, M., & Granhag, P. A. (2019). Reading lies: nonverbal communication and deception. ***Annual review of psychology*,** 70, 295-317**.**

**\***Tang, Y., & Hew, K. F. (2018). Emoticon, Emoji, and Sticker Use in Computer-Mediated Communications: Understanding Its Communicative Function, Impact, User Behavior, and Motive. In ***New Media for Educational Change* (pp. 191-201).** Springer, Singapore.Available: <https://www.researchgate.net/profile/Ying_Tang30/publication/326007070_Emoticon_Emoji_and_Sticker_Use_in_Computer-Mediated_Communications_Understanding_Its_Communicative_Function_Impact_User_Behavior_and_Motive/links/5bec665b299bf1124fd20160/Emoticon-Emoji-and-Sticker-Use-in-Computer-Mediated-Communications-Understanding-Its-Communicative-Function-Impact-User-Behavior-and-Motive.pdf>

**\***George, J. F., Gupta, M., Giordano, G., Mills, A. M., Tennant, V. M., & Lewis, C. C. (2018). The Effects of Communication Media and Culture on Deception Detection Accuracy. ***MIS quarterly,*** 42(2), 551-575. Available: [https://researchprofile.canterbury.ac.nz/UCResearchProfileResources/Group/205/George%20et%20al%20MISQ%20(Deception%20Detection).pdf](https://researchprofile.canterbury.ac.nz/UCResearchProfileResources/Group/205/George%20et%20al%20MISQ%20%28Deception%20Detection%29.pdf)

**\***Harjunen, V. J., Spapé, M., Ahmed, I., Jacucci, G., & Ravaja, N. (2018). Persuaded by the machine: The effect of virtual nonverbal cues and individual differences on compliance in economic bargaining. ***Computers in Human Behavior,*** 87, 384-394.

**\***Reed, L. I., Stratton, R., & Rambeas, J. D. (2018). Face Value and Cheap Talk: How Smiles Can Increase or Decrease the Credibility of Our Words. ***Evolutionary Psychology*,** 16(4). [What is a “Duchenne smile”?] Available online: <https://journals.sagepub.com/doi/pdf/10.1177/1474704918814400>

**\***Gordon, R. A., & Druckman, D., Rozelle, R. M., & Baxter, J. C. (2006/2018). Nonverbal behaviour as communication: Approaches, issues, & research. ***The handbook of communication skills*** (pp. 81-134). Routledge.Available: <https://www.routledgehandbooks.com/doi/10.4324/9780203007037.ch3>

\*Liao, W., Bazarova, N. N., & Yuan, Y. C. (2018). Expertise judgment and communication accommodation in linguistic styles in computer-mediated and face-to-face groups. ***Communication Research***, 45(8), 1122-1145. <https://www.researchgate.net/profile/Wang_Liao/publication/293191952_Expertise_Judgment_and_Communication_Accommodation_in_Linguistic_Styles_in_Computer-Mediated_and_Face-to-Face_Groups/links/573b274208aea45ee840592f.pdf> **Fourth Assignment: Complete Part VII, below:**

*Part VII: Team Goals Worksheet:*

Please use a word processor to fill out a “Team Goals Worksheet” for each article in the existing contract.

Please answer the following questions for EACH article of the existing contract:

1) How **important** is this article to you? A = Top priority, B = Second priority, C = Nice if we get it; otherwise a “throw-away” item

2) Initial demands – what your ‘dream contract’ would probably contain.

3) “Target” expectation – a desirable, yet realistic goal.

4) “Realistic expectation” – how we think the settlement is likely to be.

5) the “Bottom line” – the lowest (or highest) we would settle for on this issue.

6) Basis for your “realistic expectation” – source of information; you may refer to

 information from other, previous, parts of this project and simply type one sentence here

 (e.g., *Monthly Labor Review*)

7) Other, minor wording changes you want for that clause.

 Are there any contract clauses (new clauses) that are missing but should be there?

Are there any **other changes** that you want to add? Explain your decisions.

Answers must be typed. This worksheet will be several pages when completed because there are 16 articles (plus some wage-related appendices) in the existing contract. Be sure to provide justification for each realistic demand, referring to other information you have photocopied within this notebook. Every realistic goal should have some type of justification and a published source for it, relating back to the previous parts of this exercise—“winging it” simply is not acceptable. If you want to include new articles to the contract, please list them at the end of the existing clauses. If you want deletions or want “no changes,” please note that as well. Include two copies of this worksheet: One for me and one for you to keep (yes, one may be photocopied).

***Note:*** **Across-the-board wage increases MUST be an “A” (Top-Priority) topic**.

*Other general Suggestions for the entire “Preparation for Bargaining Notebook” project:*

Put all your work in a **large** 3-ring binder. There are different ways to organize your final notebook. One approach is to use dividers to indicate which Part and question you are answering. (Remember: This assignment is a LOT of work, so don’t wait! Do not show your answers to any questions of any part to other team – even other teams on your own side!)

Put photocopies of articles, webpages, charts, etc. in appendices, so I can see what you found and so that you can quickly access the right document when bargaining.

Another approach that may be useful for you when you finally get ready to bargain, is to organize your notebook according to **article number** of the old contract. Use whatever approach works best for you!

Yet a third idea is to put the wage information from the worksheets into a spreadsheet and bring a laptop with the spreadsheet to the negotiations. Then, if the other side proposes a change in, say, differential pay, you can quickly calculate the effect of the change and know how that changes the total compensation figure.

## PHASE II: Negotiating the Contract

This is the “fun” part of this assignment. A few days before negotiation begins, you will exchange a written set of **initial demands** prior to bargaining. You will then compare the other team’s demands to your own Team Goals Worksheet to see if there are any areas of “easy agreement.” **Your side will also give the mediator a copy of your initial demands** (but do not show the mediator your realistic or bottom line goals). You may be surprised to see some unanticipated demands. This is a good time to plan how you will respond to the other side’s demands when bargaining.

Finally, you get a chance to actually negotiate the contract with the help of a mediator-arbitrator. It is important that you “stay in your roles” as labor or management negotiators.

What happens if you do not agree by the deadline? If you cannot agree, you must submit a (typed) written proposal to your mediator-arbitrator describing your “last, best, offer” and you must tell why you want that; include some justification. Include the **exact wording** of the clause or article as you think it should be written.

The third party will review each side’s proposal and fashion a settlement as an “interest arbitrator.” A (typed) written ruling will be delivered within two calendar days to the parties (Saturdays and Sundays excluded).

**PHASE III: Typing & Costing the new Contract**

*Typing the contract:*

*A. Overview of changes.* Together, the two sides, with the assistance of the third party, will create a joint “memorandum” (1-2 typed pages) that highlights **changes** in the contract. This could include any of the following as agreed to by the parties: An across-the-board wage adjustment, any changes in the number of paid holidays, any changes in insurance eligibility, any changes in vacation leave, any new benefits, etc. Turn this memorandum in to your instructor. Assume that this memorandum will accompany the new contract and go to the respective constituents of each team who must approve the contract (e.g., the Board of Directors, the rank-and-file union members). Further, assume that some of them will not read the contract; therefore, your summary is critical for persuading them to agree.

*B. Typing the Contract Itself.* Both teams plus their Mediator-Arbitrator will work together to fashion the new agreement. The language should be exactly as it will appear in the new contract. For example, don’t say, “We agreed to appoint a Labor-mgt. Committee to study safety issues.” Instead, *write the exact contract clause* (specifying how committee members will be selected, how often the committee will meet, scope and limits of job duties, etc.)

Typing the contract can be done in one of two ways:

1. Although not particularly attractive, one way is to simply “cut and paste” a photocopy of the existing contract, inserting new clauses or revisions (typed in boldface) where appropriate. Please underline any text that you are deleting. This makes it easy for me to find your changes. Identify each new clause with the phrase “NEW”.
2. Take the existing MS-Word document; please type your new changes in **color** or in **bold typeface** or with **highlighting**, so that I can see the changes. Please underline (or ~~strike through~~) any text that you are deleting. Identify each new clause with the phrase “NEW”.

***Costing the New Contract.***

**Wages.**

Please use the charts at the end of this packet (perhaps retyping them into spreadsheets) to calculate current wage costs. Substitute your new wage figures to calculate the new wage figures.

**Paid Time Off.**

Here’s some good news: When you calculated wages at 2080 hours/year, you included all the weeks of the calendar year; so you included any paid time off (at the regular hourly wage rate). Therefore, you don’t have to calculate any extra wage costs in terms of what you are paying your workers when they are not at work for rest breaks, holidays, or vacations (Article 6). We will further assume that people work their normal hours during the weeks prior to taking holidays (see Article 5) or vacation, and working longer than ten hours per day is *extremely* rare (Article 8) so assume that wages are unaffected.

Here’s more good news: We will assume that the business closes for holidays. Therefore, no replacement workers are hired to do the work for all the people who have the day off. We will also assume that no one is hired temporarily to ‘cover’ for people who take vacations. By staggering vacations, it is possible for everyone else to do the work of the person taking a vacation. The result of this is that there are no added labor costs to compute for vacations, holidays, or other time off.

**Benefits:**

Currently, the Bakery pays currently $7,000 annually per full-time employee (see Article 12) for a POS health care plan and $20,000 annually per family. Assume that 10 full-time employees (out of 20 full-time employees and 25 total employees) are enrolled in family coverage. What is the total cost for your current coverage? What amount did you negotiate for your new contract?

If you drop out of that plan, you will have to estimate the costs of any replacement medical coverage. The costs of various benefits should be based on some sort of reasonable figure and should include some justification for this figure. For example, suppose you find a super-inexpensive HMO and the average annual cost of the HMO to the company is $5,400/employee/year (or $450/month). This will adjust the labor costs compared to the current health care costs.

If the company adds a new benefit (e.g., tuition reimbursement for taking food safety courses at a trade school) you should have realistic cost estimates – as well as plausible numbers of people likely to use the benefit. That way you can estimate the total annual labor cost of the new benefit.

You should attempt to calculate the costs of each benefit. Then, you should total the costs to see how much both your current contract and any tentative new contract are costing the company per year. While the union representatives are obviously seeking to get as much as they can for their members, company representatives must be especially aware of costs and not bankrupt the firm by being too generous.

A worksheet is provided for estimating contract costs for the new contract. To insure maximum comparability to the existing contract, this worksheet assumes the same number of employees, and it assumes no turnover (thus, the seniority numbers each increase by one year). Also, the worksheet only includes the “Health & Welfare” fund benefit; if a new benefit is offered, then you will have to add that to the labor costs.

Finally, **you only have to calculate costs for the first year of the contract**, regardless of how long your contract is in length.

**Current Wages of employees in the union**.

NOTE: If you were able to compare these figures to *actual* company labor costs, the numbers will not be identical (for a variety of reasons). For example, the chart below does not include extra labor costs such as overtime pay.

You should complete the worksheet on the following pages at least twice (*create and use a computerized spreadsheet if you wish*). **As part of your preparation for bargaining**, you should first calculate the total annual wage costs for one full year of the **current** contract. You’d do this for each job title. You should also know your TOTAL annual labor costs under the current contract as you prepare for bargaining. Simply add the total yearly cost for each job.

Second, you should have some idea about what **your “realistic targets” will cost** and how you plan to achieve them. Suppose you were the union negotiators and you wanted a pay raise of 5% in the first year. How much will it cost the bakery if you add 5% to everyone’s wage costs? A worksheet is provided for calculating “Year 1” of what you think a **new** contract will look like (*notice that the seniority levels of individual employees will increase by “one year”*). However, you are not limited to strict pay raises; you could seek some sort of bonus, a Cost of Living Adjustment, or some other type of benefit increase. You will have to calculate those without the benefit of a worksheet. State your assumptions and calculate these costs as accurately as you can.

Optional: As you prepare to bargain, you may want to make an extra copy of the second worksheet and use that to compute the total costs of *the other side’s proposals* also. Suppose you are on the Management bargaining team, examining the union’s proposal. Suppose that the union wants to raise wages by 13¢ an hour. Raising the wage of, each employee by 13¢ an hour may not sound like much. But that 13¢ per hour increase translates into an increased yearly cost of $270.40 per full-time employee! That raises labor costs by $5,408/year for the group of 20 full-time employees (plus an extra $676 for the five part-time workers). Of course, it works the opposite way if management wants to lower wages. Union negotiators will certainly want to compute the costs of management’ proposals.

**Finally, after you have negotiated a tentative contract**, you should re-compute your total yearly costs for each job under the newly-agreed-upon contract. Insert the new Base Hourly Wage, into the worksheet and compute the new Total Yearly Cost for each job. Then compute the new total labor costs. How does this compare to current labor costs? **Be sure to turn in the old and new labor costs with the new contract.**

*Note: The “new wage” chart below assumes that only the Base Hourly Wage changes. If you change other components (e.g., suppose the firm adds a second shift and agrees to night-shift differential pay or add some sort of bonus, such as a completion-of-training bonus), then you will need to include the extra pay in the chart.*

**Current Employee Wages (Appendix A, page 12) MGT Team Members:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Formula #1: Hourly Pay x 2080 hours (if full time) = Total Yearly Compensation (per person)**

**Formula #2: Sum of Total Compensation (per person) per job = Total Annual Cost per job Category**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  **Job Title** | **Seniority (years)** | **Hourly Pay (Aug. 1, 2019 rate )**  | **Hours per Year** | **Total Yearly Compensation (per person)** | **Total Annual Cost per job Category** |
| **In-Store Sales** |   |  |  |  | $ 121,056 |
| Employee #1 |  1 year | $11.35 | 2080  | $ 23,608 |  |
| Employee #2 |  2 years | $11.45 | 2080 | $ 23,816 |  |
| Employee #3 |  4 years | $11.65 | 2080 | $ 24,232 |  |
| Employee #4 |  5 years | $11.75 | 2080 | $ 24,440 |  |
| Employee #5 (Simpson; See contract, p 15) |  14 years | $12.00 | 2080 | $ 24,960 |  |
|  |  |  |  |  |  |
| **Delivery Drivers (Sales)** |  |  |  |  | $ |
| Employee #6 |  2 | $11.45 | 2080 | $ |  |
| Employee #7 |  3 | $11.55 | 2080 | $ |  |
| Employee #8 |  4 | $11.65 | 2080 | $ |  |
| Employee #9 |  6 | $11.75 | 2080 | $ |  |
|  Employee #10 |  7 | $11.75 | 2080 | $ |  |
|  |  |  |  |  |  |
| **Wrappers (*part-time*)** |  |  |  |  | $ |
| Employee #11 |  0 | $11.25 | **1040 (part-time)** | $ |  |
| Employee #12 |  0 | $11.25 | **1040 (part-time)** | $ |  |
| Employee #13 |  1 | $11.35 | **1040 (part-time)** | $ |  |
| Employee #14 |  2 | $11.45 | **1040 (part-time)** | $ |  |
| Employee #15 |  8 | $11.75 | **1040 (part-time)** | $ |  |
|  |  |  |  |  |  |
| **Fryers** |  |  |  |  | $ |
| Employee #16 |  0 | $11.25 | 2080 | $ |  |
| Employee #17 |  2 | $11.45 | 2080 | $ |  |
| Employee #18 |  4 | $11.65 | 2080 | $ |  |
| Employee #19 |  6 | $11.75 | 2080 | $ |  |
| Employee #20 |  9 | $11.75 | 2080 | $ |  |
|  |  |  |  |  |  |
| **Baker’s Helpers** |  |  |  |  | $ |
| Employee #21 |  0 | $11.25 | 2080 | $ |  |
| Employee #22 |  1 | $11.35 | 2080 | $ |  |
| Employee #23 |  3 | $11.55 | 2080 | $ |  |
| Employee #24 |  3 | $11.55 | 2080 | $ |  |
| Employee #25 |  8 | $11.75 | 2080 | $ |  |
| Total Annual Cost:  |  | (Avg. wage)  | 46,800 hours | TOTAL COST: | $ |

**+ Health Care Fund: 10 employees x $20,000 = $\_\_\_\_\_\_\_\_\_\_\_**

 **10 employees x $7,000 = $\_\_\_\_\_\_\_\_\_\_\_**

**+ Pension (employer’s 401k contribution) $1 per hr. x 46,800 hours worked = $\_\_\_\_\_\_\_\_\_\_\_**

**TOTAL ANNUAL COST of Wages + Health + Pension Funds: $\_\_\_\_\_\_\_\_\_\_\_**

**MGT Team Members:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**ESTIMATED Employee Wages (Appendix A, page 12) – Year 1 of the NEW contract**

**Formula #1: Hourly Pay x 2080 hours (if full time) = Total Yearly Compensation (per person)**

**Formula #2: Sum of Total Compensation (per person) per job = Total Annual Cost per job Category**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  **Job Title** | **Seniority (years; assumes no turnover)** | **Hourly Pay (new year 1 rate)**  | **Hours per Year** | **Total Yearly Compensation (per person)** | **Total Annual Cost per job Category** |
| **In-Store Sales** |   |  |  |  | $  |
| Employee #1 |  2 | $ | 2080 | $  |  |
| Employee #2 |  3 | $ | 2080 | $  |  |
| Employee #3 |  5 | $ | 2080 | $  |  |
| Employee #4 |  6 | $ | 2080 | $  |  |
| Employee #5 (Simpson; See contract, p 15) |  15 | $ | 2080 | $  |  |
|  |  |  |  |  |  |
| **Delivery Drivers (Sales)** |  |  |  |  | $ |
| Employee #6 |  3 | $ | 2080 | $ |  |
| Employee #7 |  4 | $ | 2080 | $ |  |
| Employee #8 |  5 | $ | 2080 | $ |  |
| Employee #9 |  7 | $ | 2080 | $ |  |
|  Employee #10 |  8 | $ | 2080 | $ |  |
|  |  |  |  |  |  |
| **Wrappers (*part-time*)** |  |  |  |  | $ |
| Employee #11 |  1 | $ | **1040 (part-time)** | $ |  |
| Employee #12 |  1 | $ | **1040 (part-time)** | $ |  |
| Employee #13 |  2 | $ | **1040 (part-time)** | $ |  |
| Employee #14 |  3 | $ | **1040 (part-time)** | $ |  |
| Employee #15 |  9 | $ | **1040 (part-time)** | $ |  |
|  |  |  |  |  |  |
| **Fryers** |  |  |  |  | $ |
| Employee #16 |  1 | $ | 2080 | $ |  |
| Employee #17 |  3 | $ | 2080 | $ |  |
| Employee #18 |  5 | $ | 2080 | $ |  |
| Employee #19 |  7 | $ | 2080 | $ |  |
| Employee #20 |  10 | $ | 2080 | $ |  |
|  |  |  |  |  |  |
| **Baker’s Helpers** |  |  |  |  | $ |
| Employee #21 |  1 | $ | 2080 | $ |  |
| Employee #22 |  2 | $ | 2080 | $ |  |
| Employee #23 |  4 | $ | 2080 | $ |  |
| Employee #24 |  4 | $ | 2080 | $ |  |
| Employee #25 |  9 | $ | 2080 | $ |  |
| Total Annual Cost:  |  |  |  | TOTAL COST: | $ |

**+ Health Care Fund: \_\_\_\_ (family coverage) employees x $\_\_\_\_\_\_\_\_\_\_\_\_ = $\_\_\_\_\_\_\_\_\_\_\_**

 **\_\_\_\_ (single coverage) employees x $\_\_\_\_\_\_\_\_\_\_\_\_ = $\_\_\_\_\_\_\_\_\_\_\_**

**+ New Pension costs (*specify details*) = $\_\_\_\_\_\_\_\_\_\_\_**

**TOTAL ANNUAL COST of Wages + Health + Pension Funds: $\_\_\_\_\_\_\_\_\_\_\_**

1. *Note:* These are not actual cases involving this company and this union. These were created for the purpose of the class assignment. Some cases are based on actual cases found in the BNA Labor & Employment Law Library involving similar contract provisions at other companies and are adapted to fit this scenario. [↑](#footnote-ref-1)