



a nice way to settle a contract?

The Acme WellKnot Company and the International WellKnot Workers of the World

Labor Vs. Management (with Government playing a role):

A simulation game of conflict and conflict resolution

The Taft Institute for Government/Museum of the City of New York Summer Institute (Summer, 2016)

Learning Contract Negotiations through role-play in a Management Vs. Labor simulation game

Setting

The town of Pleasantville is a medium sized town of 85,000 people in upstate New York, near a lovely river that supplies water and power to the local businesses, the most important of which is the Acme WellKnot Company. They reputedly make the best wellknots in the world and have been situated in the town for 67 years. Increasingly, wellknots are produced with robot labor.

The company works closely with the local government agencies, and contributes taxes, business, and cultural sponsorship to the community. Lately, Acme has been affected by competition from outside the United States, particularly _____, causing profit margins to decline and job cutbacks. There is great fear in the community that the company may move out and relocate in a cheaper state or country. The company seeks to hold down rising costs and meet the competition by negotiating a new contract with the union. The company would like to lay off excess workers and lessen job security.

In this atmosphere, the local union, The WellKnot Workers of the World TW3, a branch of a bigger union, the International TWWW, that has offered support and encouragement in contract negotiations. The workers are worried, and have not had substantial raises in 5 years, not any improvements in health benefits or job security.

Job security is viewed as particularly important to the union members to keep their jobs. Finally, improving benefits is a high priority.

The local government of Pleasantville is terribly worried about the situation. On the one hand, they fear the company will leave, and cost the town its major industry. On the other hand, they are worried that the many dissatisfied workers will drive the union to ask for too much in terms of wages, benefits, and job security. The government board, Mayor and city councilors, hope for an amicable, orderly, contract agreement that satisfies the union while keeping the company in town. They want to build and sustain a prosperous, stable community, one they've always known.

Reaching Agreements

Reaching an agreement between labor and management, company and union, is a key element in economic relations, and may spell success or failure for a community dependent on a particular industry or group of industries. So important are these settlements that governments often get involved as well to ensure a successful outcome for the community, region, or state as a whole. After all, industries and businesses, especially big ones, can make or break the economy of a town certainly, but even affect large cities and states as well.

Many elements make up the labor-management space; however, contract negotiations often are the most contentious facet of the relationship between organized labor and management. During contract negotiations, also referred to as the collective bargaining, the labor union and the employer extend proposals and counteroffers and suggest concessions to arrive at a labor union contract, or a collective bargaining agreement. Achieving a mutually agreeable contract can take several weeks to several months, depending on the state of the local economy, and the attitudes of both the labor union and management. Governments sometimes help one side or the other, or try to balance the interests of each to reach a settlement acceptable to all.

National Labor Relations Act

The National Labor Relations Act, or the Wagner Act sets out the obligations of both labor unions and employers in the collective bargaining process. When the National Labor Relations Board certifies the labor union as the employees' representative, that's the point at which labor and management have a duty to bargain in good faith. The labor board in most cases cannot require the parties to reach a mutually agreeable contract, but it does require that the labor union and the employer engage in timely, respectful and productive negotiations, so called 'good faith treatment'.

Good Faith Bargaining

Bargaining in "good faith" means that both parties are duly committed to engaging in negotiations with a common goal of achieving a contract. Good faith doesn't imply that the parties are required or forced to hammer out an agreement, regardless of the proposals, counteroffers and concessions that labor and management put on the table. Bargaining in good faith means that neither party will create artificial barriers to negotiations, such as scheduling negotiation sessions and then canceling at the last minute; extending preposterous demands and proposals, knowing full well the other side cannot meet the demands; and refusing to budge on matters where the union and the employer aren't too far apart to come to an agreement. Government offices may watch over the proceedings and assist in creating conditions for agreement

Rules of Play: Hear Ye, Hear Ye!

- 1. Read the introduction about the town of Pleasantville and its industry.**
- 2. Read the descriptions of reaching an agreement and the rules of fair play for negotiating a contract between labor and management.**
- 3. Volunteer or form 3 large committees, one labor, one management, and one government. Elect three leaders, a President and Vice-President and Treasurer for each group, and a secretary to take notes on decisions and votes.**
- 4. Sort out positions within each group, making clear that everyone playing has a vote of equal value in approving or disapproving of negotiations.**
- 5. All final decisions must be voted upon and carried by a majority of the group present.**
- 6. Each group begins by discussing its own demands and modifying them as needed.**
- 7. Each group then sends messengers, representatives to feel out the other groups' views.**
- 8. Representatives report back to each group and new ideas are proposed and votes taken and then another round may ensue.**
- 9. After several rounds of inquiry, each group should select a committee of three (3) to sit at the front of the room, one management, one labor, and one government representative committee, and negotiate in public.**
- 10. The 3 negotiators should meet separately and privately with their own groups to hammer out a platform of proposals, and vote on counterproposals.**
- 11. At a last public presentation, the executives of each group will announce final outcomes and provide reasons for that decision.**
- 12. The audience/class (acting as the entire community, all interest groups) may have a final say commenting on each group's decision, approving or disapproving of the overall contract (or lack of it) as members of the Pleasantville Community.**

**Bargaining Parties in Pleasantville:
Labor, Management, and Government**

Labor Union Position

On the labor union side, the negotiations team generally comprises the labor union local president, J. Grumpers, a business agent and a union steward. The roles of the local president and business agent are to ensure the union is participating in negotiations to which they can agree. However, the purpose of a union steward is to represent the interests of the company's employees. A union steward is an employee himself; therefore, he has an on-the-ground perspective of what employees want in their union contract. Based on the labor union's interaction with its members, it is seeking better wages, benefits, pension contributions and working conditions. In addition, the union's purpose is to work toward an agreement that conveys the important message to employees that their union dues are at work, and that they are resisting any and all 'givebacks'.

List of Contract Demands

Wages: Raises from \$12 an hour to \$15 with 1 and half for overtime.

Benefits: Keep all existing benefits and add one for a dental welfare fund paying 50% of the bill submitted to the union welfare fund.

Job Security: No layoffs but buyout permitted for workers of 20 years or more.

Technological Change: Management pays for upgrades to ipad tracking devices that check for WellKnot defects.

Secret Memo: Keep the line on NO LAYOFFS no matter what: even if other interests are hurt.

Management Position

On the employer's side, the negotiation team consists of a human resources leader, the company owner, J. Worthington III, legal counsel and, often, a compensation and benefits specialist whose job is to prepare laborsaving scenarios based on the proposals that the union and management extend. For example, a comp and benefits specialist might run the total labor cost for 1,000 employees making \$11.25 an hour, averaging 15 hours of overtime each month and 30 percent contribution to employees' healthcare coverage, producing several scenarios, each using 25-cent hourly increase intervals. For every proposal extended by the labor union or the employer, the compensation and benefits specialist runs a scenario that projects the employer's overall cost.

Wages: Offers \$13 an hour, no more, asking that the union take stock instead of a further raise. If the company does better, stock will make up for the different

Benefits: Union must pay at least 20% toward the costs of daily health care benefits. No dental plan from company.

Job Security: Layoffs of older workers not trained to deal with the new tracking technology, especially those over 20 years of service. Reduction of workforce by 20%

Technological Change: Increase speed and accuracy of assembly with ipad controlled robot machinery.

Secret Memo: The Company would really like to move to the South or out of the country to reduce labor costs, but is fearful of local and government reaction.

Government Position

The government team, led by the Honorable A. Blowhard, Mayor and members of the budget and industry committee, from the City Council and two suburbs, seeks to balance the interests of labor and management so the City of Pleasantville remains prosperous and pleasant. The City, ideally, would like the union and management to settle fairly and without rancor on a contract that would be good for everyone's interests, for the entire community. Above all, the City is the focus of concern since the population as a community needs income for shopping, recreation, and work, and the company needs satisfied workers to produce high quality products efficiently. And the City needs sales and property taxes to keep all its services going.

Wages: A fair raise within company means

Benefits: Keep health care

Job Security: save as many jobs as possible w/o losing the company

Technological change: Invest in the latest technology to enhance competition.

Secret Memo: Keep the company in town at all costs, even if union demands are not fully met, and members are angry!

Final Approval, or Not: Make a Decision?

Just because the labor union and the employer reach a mutually agreeable union contract, the collective bargaining agreement is still in its tentative stage, because the union members must approve the final contract. Management has presumably made an offer already agreed upon. But Government may also need to take a vote of approval for both management and labor, perhaps asking to change some parts of the agreement that they see as bad for the town.

Therefore, a memorandum of understanding or copy of the contract describes the agreement for the union to present to its members. When union members vote to accept the contract, it's called ratification. However, if the members reject the agreement, the labor union and the employer must go back to the bargaining table and flush out details with which the union membership wasn't entirely satisfied.



Dear Union Member:

Please vote yea or nay on the current union contract offer and proposed settlement. Indicate approval or rejection by marking an X in the space representing your decision.

I vote to accept the contract as the leadership recommends

I vote to reject the contract as the leadership recommends

I vote to abstain from either a yea or nay vote.

Thank you.

