

**SMALL BUSINESS BRIEF**

**UNIONIZATION AND THE WHITE-COLLAR WORKER  
IN SMALL BUSINESSES**

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**INTRODUCTION**

The American labor movement has experienced significant challenges in the last two decades in maintaining the size of its membership. The effects of a sharp increase in business being shifted off-shore, an unstable U.S. economy which resulted in major reductions in work force, and the growth of small businesses and the decline in major industry have lead to a continuing erosion of the non-government employees represented by collective bargaining agencies.

Tom Sweeney, then President of the Teamsters International Union, predicted in 1985 (Carling, 1985, p.4) that the labor movement in 2000 would represent only 10-19% of the non-agricultural, non-governmental workforce. Further, he stated that if this occurred, the labor movement would "slide past the point of political relevance." These somewhat dire predictions have become reality: the Bureau of Labor Statistics reported (<http://stats.bls.gov/newsrels.htm>) that in 2002, only 8.5 percent of private sector employees were represented by a collective bargaining unit.

The changing nature of work performed, coupled with the above-noted shifts, has revitalized union interest in the white-collar worker as a target for organizing efforts. This was fueled in part by the continuing shift away from job growth in the production arena to an accelerated growth in the service industries where white-collar positions have been more abundant. This situation was reinforced by Hatch and Clinton (2000, p. 7) who reported that while construction-related manufacturing added workers during the 1990s, the prevailing trend was negative throughout most other manufacturing industries—13 out of 20 lost workers. Of the 10 specific industries adding the most jobs during the decade of the 1990s, seven were in the service sector.

Kilgour (1983, 1986) reported on the organizing efforts amongst white-collar workers during the calendar years 1980 and 1984. This somewhat more tranquil period produced the following conclusions from his study: 1) American employers went on the offensive against unionization efforts during the 1970s; 2) management had gotten good at remaining non-union; 3 office automation did not have the impact on employee attitudes that was expected; and 4) labor's timing could not have been worse, based on the image of organized labor held

at that time. It was Kilgour's conclusion that "there is no reason to expect any of the explanatory factors (noted above) to change in the near future" (1986, p. 19).

### **RESEARCH DESIGN**

The current study provides a longer timeline to measure the success of unionization efforts relative to those persons holding clerical white-collar positions within small businesses. The primary question that was posed was whether there is any significant difference between the success rate by size of target employee group or can we draw the conclusion that organizing efforts are basically equal, regardless of the group being addressed. Also, the issue of whether white-collar organizing enjoyed a higher or lower success rate than unionization efforts in general was explored.

The source of information was the monthly National Labor Relations Board (NLRB) representation election (exclusive of decertification) reports generated by the National Labor Relations Board in Washington, D.C. "W"-designated workers for the years 1985-2000 were analyzed. The National Labor Relations Board defines the W-designated workers as "office, clerical, and other white-collar workers" (National Labor Relations Board Election Reports.) Of specific interest relative to "other white-collar workers" would be food service and health care employees—key organizing targets in more recent years.

Comparisons were made between the success rates of all organizational elections sponsored by the NLRB and that of the white-collar elections during the 16-year period, 1985-2000. In addition, the white-collar elections were reviewed relative to size of the potential bargaining unit size; the intent of this analysis was to see whether the success rate was impacted by the size of the group that the union was attempting to organize.

### **ELECTIONS**

The period reviewed, 1985-2000, represented a relatively wide range of economic conditions, from the recessionary period of the late 1980s/early 1990s to the boom period of the 1990s and the subsequent slowing of the economy in 2000. The results reported, accordingly, should provide a clear indication of how the organizing of white-collar employees is impacted by varying economic conditions.

The success rate of unions attempting to represent all workers is noted in Table 1. Over the 16-year period under review, the unions won an average of 49.5 percent of all NLRB-sponsored elections. The highest percentage was recorded in 1999 when 52.2 percent of the contested elections were won by unions. This is a point of interest that 1999 was at the peak of the economic boom.

Somewhat greater volatility is noted when the percent of white-collar elections won by the unions is considered. The 16-year average of white-collar elections won by unions was 53.3 percent, with a high of 62.2 percent in 1986 and a low of 46.7 percent in 1992 and 1996. No clear trend is noted relative to points on the economic cycle; there is a relatively high volatility rate observed, year-to-year.

### **BARGAINING UNIT SIZE**

The success of white-collar organizing efforts when taking into consideration the size of the representation election provides an interesting perspective. As noted above, the percent of white-collar elections won by petitioning unions was 53.3 percent over the 16-year period

reviewed. However, when the number of eligible voting members increases, the unions do somewhat better.

**TABLE 1**  
**Representative Elections Conducted by the NLRB 1985-2000**

YEARS	All NLRB ELECTIONS			WHITE-COLLAR ELECTIONS		
	No.	No. Won by Union	% Won by Union	No.	No. Won by Union	% Won by Union
1985	3,734	1,732	46.4	139	77	55.4
1986	3,543	1,685	47.8	143	89	62.2
1987	3,389	1,664	49.1	112	57	50.9
1988	3,478	1,733	49.8	124	69	55.7
1989	3,659	1,853	50.6	133	67	50.4
1990	3,187	1,537	48.2	124	63	50.8
1991	3,206	1,522	47.5	125	61	48.8
1992	2,895	1,443	49.8	120	56	46.7
1993	2,803	1,401	50.0	109	56	51.4
1994	3,038	1,495	45.4	102	62	60.8
1995	2,783	1,393	50.1	101	56	55.4
1996	2,933	1,398	47.7	92	43	46.7
1997	3,261	1,656	50.8	112	64	57.1
1998	3,296	1,711	51.9	94	46	48.9
1999	3,007	1,571	52.2	108	64	59.3
2000	2,946	1,513	51.4	91	44	48.4
<b>TOTALS</b>	<b>51,158</b>	<b>25,307</b>	<b>49.5</b>	<b>1,829</b>	<b>974</b>	<b>53.3</b>

Source: National Labor Relations Board Election Reports

**TABLE 2**  
**White-Collar Representation Elections by Bargaining Unit Size 1985-2000**

Year	1-24 Voters			25-49 Voters			50-99 Voters			100+ Voters		
	Elec	Won	%	Elec	Won	%	Elec	Won	%	Elects	Won	%
1985	89	56	62.9	15	9	60.0	12	6	50.0	13	6	46.2
1986	95	66	69.5	27	13	48.1	7	3	42.9	14	7	50.0
1987	74	42	56.8	19	6	31.6	11	6	54.5	8	3	37.5
1988	71	47	66.2	24	12	50.0	13	8	61.5	16	2	12.5
1989	89	47	52.8	19	12	63.2	13	5	38.5	12	3	25.0
1990	67	32	47.8	24	15	62.5	21	13	61.9	12	3	25.0
1991	75	39	52.0	19	10	52.6	20	8	40.0	11	4	36.4
1992	78	37	47.4	17	8	47.1	9	5	55.6	16	6	37.5
1993	68	38	55.9	14	5	35.7	15	8	53.3	12	5	41.7
1994	68	39	57.4	17	11	64.7	11	7	63.6	6	5	83.3
1995	53	35	66.0	23	7	30.4	14	8	57.1	11	6	54.5
1996	60	30	50.0	13	5	38.5	9	5	55.6	10	3	30.0
1997	55	43	78.2	13	7	53.8	29	10	34.5	15	4	26.7
1998	54	24	44.4	14	8	57.1	20	8	40.0	6	6	100.0
1999	58	34	58.6	25	16	64.0	13	7	53.8	12	7	58.3
2000	49	27	55.1	17	9	52.9	12	4	33.3	13	4	30.8
<b>Totals</b>	<b>1103</b>	<b>636</b>	<b>57.7</b>	<b>300</b>	<b>153</b>	<b>51.0</b>	<b>229</b>	<b>111</b>	<b>48.5</b>	<b>187</b>	<b>74</b>	<b>39.6</b>

This suggests that as the size of the voter block increases, the management of the companies involved dedicate more energy and financial resources to thwart the likelihood of having to contend with a collective bargaining group.

The data contained in Table 2 send a relatively strong message to small businesses: the greatest level of activity in the white-collar organizing area is within firms with fewer than 25 employees and the success rate of the unions is the highest in that same group. Of the 1,819 union elections conducted to represent white-collar workers over the 16-year period reviewed, 1103 or 60.6 percent involved target groups of less than 25 employees. Of greater significance is the fact that amongst the smaller target groups, the success rate of the unions is 57.7 percent while amongst populations with 100 or greater potential members, the rate drops to 39.6 percent. In each year of the review period, the success rate was significantly higher amongst small target group than that of the larger (100 or more voters) groups.

### DISCUSSION

As noted in the Bargaining Unit Size section of this paper, the small business firm has become a target for white-collar unionization efforts undertaken. The overall level of elections conducted has not seen any notable increase over the time period studied; in fact, the number of elections in 1986 (143) compared with the 91 elections conducted in 2000 indicates a decline of 36.4 percent. This general decline paralleled units of 1-24 employees where the number of elections skidded from a high of 95 in 1986 to a low of 49 in 2000, a decline of 48.4 percent. While the number of elections has declined over the 16-year period, it still suggests that small unit elections dominate when compared with those with 100 or more voters.

There are some factors that will need to be considered as we look at the future of collective bargaining within the general economy. Cobble (1997, p.334) states that people do not reject unionism per se; rather, they reject the particular form of unionism that is dominant today. As John Sweeney noted in his book, *America Needs a Raise (1996)*, the labor movement must reach out to workers in their occupations and professions and not be contained by the thinking which has dealt with employees in enterprise-based bargaining units. This would have significant implications for white-collar organizing where many firms have minimal numbers of employees who meet the definition of a white-collar employee. Such a strategy, however, would require modifications in the National Labor Relations Act that prohibits cross-company organizing.

The AFL-CIO has targeted organizing as a key element of the agenda for its 78 affiliates. In 1997, these affiliates were asked to allocate 20 percent of their budgets for organizing, up from a typical three percent allocation (Cohen, 1997). There was a flurry of union organizing initiatives in 1996, including the creation of a separate organizing department in the AFL-CIO and the allocation of \$20 million to organizing efforts, followed by \$30 million being set aside for organizing in 1997. Critics insist that the real number expended is far less—as little as 10%. The list of major unions that everyone agrees commit to 30% is not long. It includes HERE (Hotel Employee and Restaurant Employee International Union), UNITE (Union of Needletrades, Industrial and Textile Employees International Union), the service employees, the steelworkers, and the carpenters. (Whitford, 2001).

The service industries experienced the greatest growth in number of jobs in recent years and will continue to be a prime target of any future organizing effort amongst white-collar workers (<http://www.uslaw.com/library/article/carelxUnionSurge.html>). It seems likely that unions will keep their white-collar efforts focused on the lowest ranks of the ladder,

particularly with respect to staffers such as those who may be categorized as technical, administrative, and contingent ([http://www.qc.edu/newlaborforum/html.8\\_article79.html](http://www.qc.edu/newlaborforum/html.8_article79.html)).

The emergence of sophisticated technology has also provided union organizers with added means of getting their messages to disgruntled employees. As Lucore (2002) suggests, some unions are trying to provide information through easy links to job openings with union employers. It is also seen as an online resource for non-union job seekers who would like a job with union representation. One can look at this as modern versions of old-fashioned hiring halls. While web pages can provide information about the virtues of a union, of even greater threat is the possibility of communicating with interested employees without having to physically be present during the early stages of an organizing drive—a real advantage when the potential unit is small.

So, what message does this all this convey to the owners/managers of small businesses? Freeman and Rogers (1999) summarize the outcome of an extensive survey/interview effort including 2,300 individuals that focused on what workers want from their employers. Their basic findings were:

1. American workers want more of a say/influence/representation/participation at the workplace than they now have.
2. Employees want greater say both because they think it will directly improve the quality of their working lives and because they think it will make their firm more productive and successful.
3. Employees want greater workplace participation as individuals and as a part of a group as well.
4. Workers want cooperative relations with management.
5. Workers want some measure of independence and protection of that independence in their dealing with management.
6. Workers believe that management resistance is the primary reason they do not have their desired level of influence at the workplace.

If the small business owner is going to avoid the threat of unionization and still maintain their focus on bottom-line performance, they will need to address their current efforts to dealing with the issues noted above. It is not enough to simply assume that because the organization is relatively small and “family-oriented” that issues will not surface which encourage employees to seek out an intermediary to represent their claims to management.

Smaller service and information technology firms are vulnerable because they do not have the requisite financial resources to wait out a work stoppage or to shift their business abroad. The government rarely takes an interest in labor actions against smaller companies. Small IT and service companies—especially software firms, cleaning services companies and restaurants—have shown concern because labor organizations have won a series of victories in these industries. For example, Boston janitors recently used a month-long strike to win wage increases from the contractors who manage them (Kurlantzick, 2003.)

When addressing wage/benefit issues, consideration has to be given to the situation which has surfaced in the United States: data from the Organization for Economic Cooperation and Development (OECD) show that the top 10 percent of U.S. workers earn 5.6 times as much as the bottom 10 percent. By contrast, the top 10 percent of workers in the European Union or Japan earn, respectively 2.1 and 2.4 times as much (Freeman & Rogers, 1999). This would suggest that the lower echelons of employees, including white-collar workers, are not receiving their fair share of the economy's benefits.

As Brian Grieg, a partner at Fulbright & Jaworski LLP states, "It usually takes more than a single issue for employees to want to change the terms of relationship with their employers by bringing in a third party" (<http://www.bizjournals.com/austin/stories/1999/08/09.story3.html>) If the efforts of labor unions continues within the small firms' white-collar workers, management will need to remain vigilant in assessing the concerns of their employees and taking appropriate action prior to having the wolf at the door. While many small business owners/managers may not be skilled in union avoidance techniques, they must be cognizant of those actions of the part of employees that might suggest that external forces are working to intervene on their behalf. It is at this time that they need to seek the counsel of those persons that have the skill base to aid them in devising an appropriate strategy for retaining a union-free environment, if that is their choice.

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