

Ch. 8 Terms: Employment, Labor, and Wages

Craft / Trade Union

Industrial Union

Right-to-work Law

Union Shop

Collective Bargaining

Mediation

Arbitration

Injunction

Understand the differences between categories of labor.

Traditional theory

Negotiated wages

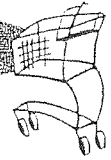
Signaling theory

Glass ceiling

Comparable worth

Understand modern trends in pay, including the rise in part-time labor, decline in labor union membership, minimum wage, and the increasing income gap as it relates to real dollars vs. current dollars (graph on p. 217)

Consumer Applications



Activity 13

WHY SALARIES DIFFER

Several factors affect salaries. They differ from industry to industry, region to region, but most significantly, from one level of education and training to the next. According to the U.S. Department of Labor, the average salaries of college-educated workers have grown almost 25% in the last 20 years while the median wage for male workers with only high school diplomas actually dropped 20%, and wages for men without a high school diploma dropped by 33%.

The Bureau of Labor Statistics calls the following chart *Education Pays*:

Unemployment and Earnings by Educational Attainment
(for full time workers age 25 and over)

Unemployment Rate	Annual Median Earnings	Education Attained
1.4	72,700	Professional degree
1.3	62,400	Doctorate
1.6	50,000	Master's Degree
1.9	40,100	Bachelor's Degree
2.5	31,700	Associate Degree
3.2	30,400	Some college, no degree
4.1	26,000	High school graduate
7.1	19,700	Less than a high-school diploma

Directions: Use the data above to answer the questions below.

- Which level of education experienced the highest rates of unemployment? _____
The second highest? _____
- What is the median weekly earnings of a high-school graduate? _____ Of someone with a bachelor's degree? _____
- Why did the Bureau of Labor Statistics report the above data using the age of 25 as its lower limit?

- Suppose everyone in the U.S. were to earn at least a master's degree. How would it change the data in the table above? What other effects might it have?

- What do you give up by going to college after high school? What do you gain?

RETEACHING



Activity 8

EMPLOYMENT, LABOR, AND WAGES

When disagreements occur between union and management, several methods are available to resolve differences.

Directions: The outline below lists the different methods for solving labor disputes. List two characteristics of each method. Select the characteristics from the following list.

- A court order not to act is obtained
- Useful when one side has tried to distort the "truth" to win public opinion or does not believe the claims of the other side
- Used only as a last resort
- Neutral third party is brought in to find a solution that both parties will accept
- Requires compromise from both parties to agree on the basic issues
- Involves a temporary takeover of operations to allow government to negotiate with the union
- Third party recommends a compromise to both sides
- Representatives of both groups agree to meet and discuss problems
- Both sides agree in advance to accept the decision of a third party as final and binding
- Independent third party investigates issues and recommends possible settlements, which either side may or may not accept
- Used when industries that affect the national interest are involved
- Labor and management may volunteer or be forced to place differences before a third party

I. Methods for Resolving Labor-Management Disputes

A. Collective Bargaining

1.

2.

B. Mediation

1.

2.

C. Arbitration

1.

2.

D. Fact-Finding

1.

2.

E. Injunction and Seizure

1.

2.

F. Presidential Influence

1.

2.

GUIDED READING Activity 8-4

For use with textbook pages 211-218

EMPLOYMENT TRENDS AND ISSUES

RECALLING THE FACTS

Directions: Use the information in your textbook to answer the questions. Use another sheet of paper if necessary.

1. In what way can the drop in union membership be attributed to the unions being the victims of their own success? _____

2. What is a giveback? _____

3. What is a two-tier wage system? _____

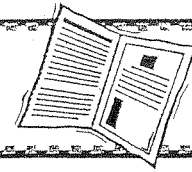
4. What is the glass ceiling and what groups does it mainly appear to affect?

5. What legal remedies does the Civil Rights Act of 1964 offer to workers suffering from wage and salary discrimination? _____

6. What is comparable worth? _____

7. What is a set-aside contract? _____
8. How does the use of part-time workers mean savings for employers?

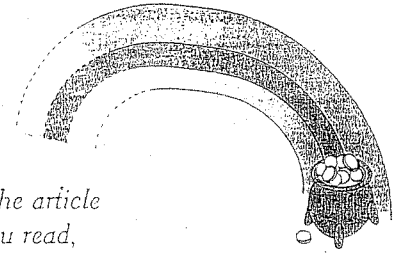
PRIMARY & SECONDARY SOURCES



Reading 13

YEAR OF THE EMPLOYEE

Many factors determine the wages a worker can command in the marketplace. Among these factors are the level of skills and abilities a particular position requires and the nature of the work itself. In a booming economy where jobs are plentiful, wages will increase in many industries to attract competent employees. The article below analyzes the financial benefits afforded workers in a healthy economy. As you read, consider your own value in the labor force today. Then answer the questions that follow.



Four years ago, Glen Kelley was a software specialist at a Midwestern shipping company when Whittman-Hart, a fast-growing Chicago consulting group, offered him a job. Kelley, now 31, was willing to jump, but with one tough condition: he . . . needed the company to pay for expensive infertility treatments. The firm answered with an extraordinary insurance package that covered every penny. . . and offered him a 12 percent raise to boot. . . . The treatments, which eventually cost \$30,000, failed. Then Kelley and his wife, Carrie, wanted to adopt. Stock options from Whittman-Hart paid for the entire \$20,000 bill. . . .

Such tales abound in today's drum-tight job market. Stunning pay increases and gold-plated stock options, once the sort of bait dangled mostly in front of prospective chief executives, are now used to lure everyone from secretaries on up. Many companies have started to play the game of "top this" with nonmonetary perks, too. Neversoft Entertainment, a Hollywood computer games designer, not only allows staffers to bring their dogs to work, but also supplies the Milk-Bones. . . . Atlanta-based Revenue Systems gives every employee access to its fleet of BMWs.

It's the revenge of the downsized: near-record-low unemployment and a long economic boom have created nightmares for employers and fat opportunities for street-wise employees. Scott Adams, creator of the comic strip "Dilbert" . . . puts it this way: "There has never been a better time in history to heap abuse upon your boss."

Though the '90s started as the decade of job insecurity, a funny thing happened after corporate America tried to slash-and-burn its way to prosperity: good workers were suddenly in short supply. The economy's steady growth has been the biggest cause of this talent dearth, but other broad trends have also done their part: a shrinking labor supply as fewer young people entered the work force, and rising demand thanks to the computer

revolution. . . . It's not just the educated and computer-literate who are reaping the benefits. Workers at all levels appear to be getting a boost. The White Castle burger chain is so desperate for counter jockeys in all its central Indiana outlets that it is handing out \$500 in cash to anyone who stays on the job at least six months. . . .

With some 478,000 information-technology jobs currently unfilled, no group is more in demand than computer whizzes.

As Dilbert's creator knows, what's changed most is the psychology of the workplace. . . . As part of its merger with another company, New Jersey-based Beneficial Financial Corp. will lay off hundreds of employees at its headquarters this summer. According to a human-resources manager there, many recipients of these pink slips are "thrilled to death." While the older staffers are worried, she explains, younger, computer-literate ones expect to find jobs paying 20 percent to 30 percent more within a month. In the meantime, they're getting hefty severance packages. . . .

With some 478,000 information-technology jobs currently unfilled, no group is more in demand than computer whizzes. Companies are willing to do almost anything to attract these precious few. In Silicon Valley, stealing tech staff away from rivals is called "nerd rustling," and it's enough to give any programmer major attitude. Thomas Schmidt is a 34-year-old computer consultant who specializes in the hot field of systems integration. In the past two years, he has changed jobs twice and doubled his salary in the process. . . .

PRIMARY & SECONDARY SOURCES (continued)

Reading 13

The demand for programming know-how is so great that in many companies geeks are becoming an exalted elite. Indianapolis Life Insurance Co., for example, desperately needs to retain its staff of 70 computer engineers and systems analysts to complete its Year 2000 conversion projects on time. High-paying competitors lured away 20 percent of the department last year, so this January the company announced \$1.25 million worth of bonuses of 10 to 20 percent of base pay and other rewards unobtainable in 2000—choices include a trip to Disney World, a new computer and a year's supply of pizza . . .

Techies can crow the loudest, but plenty of other fields are also experiencing talent crunches and steeply rising salaries. Marketing, advertising, engineering, manufacturing, and lawyering are all on the short list and in dire need of mid-level practitioners. . . .

First-timers in the job market have never had it so good. William Banis, director of career services at Northwestern University, says starting salaries for the class of 1998 averaged about \$40,000. . . . At Vault Reports, a

New York company that sells research on companies to job applicants, Mark Oldman has seen graduating seniors among his clients getting the "Taj Mahal treatment." He tells of 22-year-olds being lavished with four-star dinners and late-night trips to the happening dance clubs. . . .

The job-market crunch has put a premium on innovation when it comes to finding and keeping employees. Bruce Skillings of Bernard Hodes, a firm that specializes in employment advertising, encouraged his client EFI, a maker of color-printing software, to do more than the usual campus based recruiting. So this spring EFI co-sponsored Sky Concert, a popular annual San Francisco event. As 250,000 fans gathered . . . company staff passed out 20,000 containers of bubble soap (and blowers) with labels reading, "Welcome to the revolution. www.efijobs.com."

McGinn, Daniel, Patricia King, Pamela Klein, Michael Hirsh, and Kera Ketchum. "Year of the Employee." *Newsweek*, July 20, 1998.

ANALYZING THE READING

What did the Chicago-based consulting group Whitman-Hart offer software specialist Glen Kelley to keep him on as an employee?

What are the basic causes of the limited supply of good workers?

According to the article, which professionals are in greatest demand? What other fields are experiencing a shortage of workers?

What other perks and benefits besides salary are companies offering to lure the best workers?

What factors besides salary should a person consider before accepting a job? Explain your answer.

Copyright © by The McGraw-Hill Companies, Inc.