1. Labor relations is the set of processes that unions and employers develop and use to resolve conflicts between employees and their representatives while accommodating each of their various goals of each.
   True  False

2. Stock markets create the opportunity to make ownership highly liquid by providing an institutionalized mechanism for the purchase and sale of shares.
   True  False

3. Investors and directors of a company are the people responsible for making its operational decisions.
   True  False

4. Unions are developed to take over companies.
   True  False

5. In democracies, laws and regulations ultimately reflect the will of the electorate.
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6. Unions can exist without employers, but employers cannot exist without unions.
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10. Groupthink is a pervasive phenomenon that occurs when a group perceives danger.
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11. Workers in companies with innovative human resource management practices are less likely to desire unions.
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12. Employees are more likely to vote for unions due to job task characteristics rather than dissatisfaction with employment conditions.
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13. Dissatisfaction is consistently associated with turnover.
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14. A national survey of employees found that a majority believes management is willing to work closely with employees.
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15. Union action cannot influence public policy decisions on potentially favorable tax abatements for employers.
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16. The policies of large national unions are influenced strongly by the actions of majorities of local union members.
   True  False

17. Satisfaction of nonunion employees has drastically decreased when compared to that of unionized workers, thereby eliminating the motivation to organize.
   True  False

18. Prices, and ultimately wages, are controlled by collective bargaining rather than by the market.
   True  False

19. If income distribution is perceived as unfair, as median voters, the middle class may seek collective bargaining as a method for restoring an appropriate balance.
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20. Recent econometric studies find that income inequality has increased as union coverage increased.
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21. The difference in average wage rates between unionized and nonunion workers in similar occupations is lesser in the United States than in almost every other developed economy.
   True  False

22. Presently, the greatest challenge facing private sector unions is the continued increase in the globalization of production.
   True  False

23. While major employers have increasingly exercised global options, unions around the world have maintained jurisdictions largely within their own countries.
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24. Traditionally, union membership depended on employment in a workplace governed by a collective bargaining agreement.
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25. Unions have generally benefited from Democratic Presidents, but they have been at risk from Republican Presidents.
   True  False

26. _____ is the set of processes and activities that unions and employers develop and use to classify, manage, reduce, and resolve conflicts between employees and their representatives while accommodating the various goals of each.
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   B. Labor relations
   C. Job security
   D. Collective bargaining

27. Why are contracts renegotiated periodically?
   A. As a courtesy to employees.
   B. To give employees job security.
   C. To take into account changes in the economy and society.
   D. To take into account changing goals and objectives of the union.

28. What does incorporation create?
   A. A legal entity that can act as if it were a person
   B. Added business to the organization
   C. Reduced revenues
   D. Profitable markets
29. Individual investors in a corporation:
   A. have limited liability.
   B. can lose more than their original investments.
   C. have unlimited liability.
   D. have limited liability and can lose more than their original investments.

30. Why do individual investors in a corporation have limited liability?
   A. They are not given significant power.
   B. They cannot lose more than their original investments.
   C. They cannot gain more than their original investments.
   D. To ensure better corporate governance.

31. Stock markets create the opportunity to make ownership highly liquid by providing:
   A. more business contacts.
   B. greater cash flow.
   C. an institutionalized mechanism for buying and selling shares.
   D. a mechanism by which they narrow down their ownership to a few corporations.

32. _____ are responsible for making operational decisions for corporations.
   A. Managers hired by the shareholders through their elected board of directors
   B. Shareholders
   C. Investors and directors of the company
   D. The managing directors and the partners of the company

33. What do shareholders do when they are dissatisfied with corporate performance?
   A. Fire the management team.
   B. Keep their shares and wait for the stock market to go up.
   C. Either sell their shares or combine with others to vote to remove the current management team.
   D. Apply a systematic problem-solving approach.

34. What are shareholders primarily interested in?
   A. New companies entering the market.
   B. The different people buying different shares.
   C. The financial performance of the corporation.
   D. Predicting future prices.

35. High profitability, high returns on investment capital, and high growth rates lead to:
   A. higher share prices.
   B. overflight of money in the market.
   C. scarcity of certain products.
   D. greater tax rates.

36. Employers would like complete freedom to alter the terms and conditions of employment in their work
    places, as necessary, to:
    A. eliminate their responsibilities to shareholders.
    B. improve efficiency.
    C. maximize returns on investment.
    D. ultimately yield a profit.

37. While labor is somewhat mobile, with workers able to move between employers as opportunities occur, it
    is less mobile than:
    A. shareholder wealth.
    B. the company itself.
    C. information.
    D. financial capital.
38. ____ offers employees a method they can use to counter employers' powers to unilaterally change employment conditions.
   A. A stock option
   B. Unionization
   C. A credit union
   D. Alternative dispute resolution

39. What does unionization introduce into the workplace?
   A. Democracy into the employment relationship
   B. New employees with technical skills
   C. Greater productivity
   D. Financial capital

40. Unions are developed to:
   A. take over companies.
   B. eliminate management.
   C. counter employer power.
   D. seize and take control without authority.

41. Why do union members band together?
   A. To exert control over the supply of labor to their employers.
   B. To form a management organization.
   C. To fight for employers' issues.
   D. To allocate resources among units or divisions.

42. In democracies, labor laws and regulations ultimately reflect the will of the:
   A. corporations.
   B. unions.
   C. electorate.
   D. shareholders.

43. A corporation's ____ ultimately control decisions about its direction, investments, and existence depending on which best meets their interests.
   A. managers
   B. shareholders
   C. board of directors
   D. employees

44. Unions are simultaneously economic and ____ organizations.
   A. political
   B. social
   C. cultural
   D. legal

45. Corporate goal achievement is facilitated or inhibited by how successfully ____ relations are conducted.
   A. shareholder
   B. government
   C. labor
   D. executive management

46. Unionized employment, in both the proportion and number of workers, has declined substantially due to all of the following factors EXCEPT:
   A. a shift from manufacturing toward services.
   B. the increasing intellectual content of jobs.
   C. the globalization of manufacturing.
   D. an overall increase in union organizing activity.
47. Global competition, free trade, and an emphasis on corporate financial performance have strongly influenced employment patterns and reduced:
   A. labor relations.
   B. union bargaining power.
   C. human relations.
   D. economic relations.

48. To survive, unions must generate:
   A. harmonious labor relations.
   B. bargaining power.
   C. economic benefits for their members.
   D. increased intellectual content of jobs.

49. To achieve gains, unions:
   A. must generate harmonious labor relations.
   B. need only greater bargaining power through some degree of labor supply control.
   C. should provide economic benefits for their members.
   D. need the ability to exert bargaining power, and employers must have the ability to pay them.

50. Today's global economy, combined with the elimination of anti-competitive regulations in several major industries, has reduced union bargaining power because:
   A. the costs of increased benefits cannot readily be passed on to consumers.
   B. international competitors do not have unions.
   C. the unions are too small.
   D. the unions control labor supply on a very small international basis.

51. While union representation has declined from 35 percent to less than 12 percent since 1955, unions continue to exert influence on employment practices through:
   A. voice power.
   B. spillovers.
   C. union politics.
   D. monopoly power.

52. When an employment practice in unionized companies is adopted by nonunion employers to avoid unionization, a _____ occurs.
   A. boycott
   B. spillover
   C. strike
   D. lockout

53. For the employees of a newly unionized company, unionization creates:
   A. controversy about the organization.
   B. a good marketing strategy.
   C. monopoly power by fixing wages through contracts.
   D. an opportunity for better productivity.

54. How much does union monopoly power approximately cost the U.S. each year?
   A. 10 percent of gross domestic product.
   B. 100 percent of gross domestic product.
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55. The administrative costs of obtaining and exercising monopoly each year in the U.S. are:
   A. 10 percent of gross domestic product.
   B. .2 percent of gross domestic product.
   C. 50 percent of gross domestic product.
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56. Where is unionization more prevalent?
   A. Where jobs do not require employer-specific knowledge.
   B. Where internal workplace rules more strongly influence employer outcomes.
   C. Where jobs require employer-specific knowledge.
   D. Where internal workplace rules do not strongly influence employee outcomes.

57. The term "voice option" refers to people expressing dissent about their workplace by:
   A. quitting.
   B. trying to reform it.
   C. boycotting.
   D. trying to take over.

58. Forming a _____ enables use of a collective voice in influencing change at work.
   A. union
   B. worker advisory board
   C. management team
   D. board of directors

59. A phenomenon that occurs when a group, such as a union, perceives a threat is known as:
   A. groupthink.
   B. collective bargaining.
   C. wagon circling.
   D. spillover.

60. Which of the following statements about cohesiveness is false?
   A. A cohesive group is characterized by a high degree of similarity in the behavior of its members.
   B. Cohesive groups do not display class consciousness.
   C. Cohesive groups usually have a group of leaders that strongly reflect the values of the group.
   D. Cohesiveness may be a function of a perceived external threat.

61. Which of the following statements about class consciousness is false?
   A. Class consciousness may be a catalyst for the formation of unions.
   B. If mobility between classes is perceived as unlikely, class consciousness is more likely to develop.
   C. To the extent that there are large differences between managers and workers within the same organization, class consciousness is increased.
   D. American unions have generally emphasized class consciousness.

62. How do unions emphasize the need for cohesiveness?
   A. Through calls for solidarity to members during periods of threat.
   B. By ameliorating differences between managers and workers within the same organization.
   C. By calling for boycotts.
   D. By ensuring similar backgrounds among their members.

63. Unions cannot ensure similar backgrounds among their members because:
   A. unions are federal organizations.
   B. group members tend to behave differently.
   C. management makes hiring decisions and unions are obligated to admit all employees who want to join.
   D. members of the group are not likely to hold the same basic values.

64. How do unions maintain cohesiveness?
   A. By continually stirring up trouble with management.
   B. By continually convincing employees they will receive greater employment benefits through continued unionization.
   C. By threats to employees who do not join the union.
   D. By continually convincing employees that management is likely to take away hard-earned benefits.
65. Employees are more likely to vote for unions due to:
   A. dissatisfaction with employment conditions.
   B. job task characteristics.
   C. co-worker friction.
   D. the amount of work required.

66. What is the first condition to exist in predicting organization attempts and union wins?
   A. Employees have to be dissatisfied and believe they are individually unable to influence a change in the conditions causing their dissatisfaction.
   B. A majority of employees have to believe collective bargaining would improve conditions more than changing jobs, and its benefits outweigh the costs.
   C. Employees in a unit covered by a collective bargaining agreement may decide to join unions.
   D. Satisfaction with employment conditions and a desire to make things even better than they currently are.

67. What is the second condition to exist in predicting organizing attempts and union wins?
   A. Employees have to be dissatisfied and believe they are individually unable to influence a change in the conditions causing their dissatisfaction.
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   D. Differences among members of a bargaining unit after unionization may be substantial and must be considered by the union in its representational activities.

69. A national survey of employees found all of the following EXCEPT:
   A. employees should have more influence in workplace decision-making.
   B. some employees are dissatisfied with their employment.
   C. employees believe cooperation with management is not very important.
   D. management is unwilling to work closely with employees.

70. Prices, and ultimately wages, are controlled by:
   A. collective bargaining.
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71. What is meant by labor relations?
72. How does unionization introduce democracy into the employment relationship?

73. Explain how unions are simultaneously economic and political organizations.

74. What is a spillover?

75. What is meant by "wagon-circling"?

76. What are the conditions required for a union organizing campaign to result or an election to be won by the union?

77. How do local community attitudes affect union power?
78. Explain the median voter concept.

79. List the conditions that may have prevented union empowerment in the U.S.

80. What is the greatest challenge facing private sector unions?
1 Key

1. Labor relations is the set of processes that unions and employers develop and use to resolve conflicts between employees and their representatives while accommodating each of their various goals of each.
   **TRUE**

2. Stock markets create the opportunity to make ownership highly liquid by providing an institutionalized mechanism for the purchase and sale of shares.
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   B. spillovers.
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   B. trying to reform it.
   C. boycotting.
   D. trying to take over.
58. Forming a ____ enables use of a collective voice in influencing change at work.
   A. union
   B. worker advisory board
   C. management team
   D. board of directors
   (p. 6)  

59. A phenomenon that occurs when a group, such as a union, perceives a threat is known as:
   A. groupthink.
   B. collective bargaining.
   C. wagon circling.
   D. spillover.
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60. Which of the following statements about cohesiveness is false?
   A. A cohesive group is characterized by a high degree of similarity in the behavior of its members.
   B. Cohesive groups do not display class consciousness.
   C. Cohesive groups usually have a group of leaders that strongly reflect the values of the group.
   D. Cohesiveness may be a function of a perceived external threat.
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61. Which of the following statements about class consciousness is false?
   A. Class consciousness may be a catalyst for the formation of unions.
   B. If mobility between classes is perceived as unlikely, class consciousness is more likely to develop.
   C. To the extent that there are large differences between managers and workers within the same organization in terms of employment security, class consciousness is increased.
   D. American unions have generally emphasized class consciousness.
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62. How do unions emphasize the need for cohesiveness?
   A. Through calls for solidarity to members during periods of threat.
   B. By ameliorating differences between managers and workers within the same organization.
   C. By calling for boycotts.
   D. By ensuring similar backgrounds among their members.
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63. Unions cannot ensure similar backgrounds among their members because:
   A. unions are federal organizations.
   B. group members tend to behave differently.
   C. management makes hiring decisions and unions are obligated to admit all employees who want to join.
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   A. By continually stirring up trouble with management.
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65. Employees are more likely to vote for unions due to:
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   B. job task characteristics.
   C. co-worker friction.
   D. the amount of work required.
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66. What is the first condition to exist in predicting organization attempts and union wins?
A. Employees have to be dissatisfied and believe they are individually unable to influence a change in the conditions causing their dissatisfaction.
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C. Employees in a unit covered by a collective bargaining agreement may decide to join unions.
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69. A national survey of employees found all of the following EXCEPT:
A. employees should have more influence in workplace decision-making.
B. some employees are dissatisfied with their employment.
C. employees believe cooperation with management is not very important.
D. management is unwilling to work closely with employees.

70. Prices, and ultimately wages, are controlled by:
A. collective bargaining.
B. administrative order.
C. the government.
D. the market.

71. What is meant by labor relations?
In unionized employers, labor relations is the ongoing interchange between the union and the employer that identifies their common and specific interests and creates mechanisms to clarify, manage, reduce, and resolve conflicts with respect to their specific interests.
72. How does unionization introduce democracy into the employment relationship?
Unionization introduces democracy into the employment relationship. Employees determine, first, whether a majority desires to be represented; second, who to elect as leaders or hire as agents; third, what workplace issues are most important to them; and fourth, whether to accept a proposed contract or to collectively withhold their labor.

73. Explain how unions are simultaneously economic and political organizations.
As economic actors, unions seek to control the supply of labor to employers in order to improve economic returns for their members. To accomplish this, they also seek to create and maintain power to influence the direction of laws and regulations, to provide a vehicle for advancing their leaders' and members' purposes, and to survive and grow. Conflicts may exist between union levels as national union goals may not completely agree with goals at the local level.

74. What is a spillover?
A spillover occurs when a unionized employment practice is adopted by nonunion employers in order to avoid unionization by copying what unions have won for their members.

75. What is meant by "wagon-circling"?
"Wagon-circling" is a pervasive phenomenon that occurs when a group perceives danger. In order to create and sustain a cohesive group, its membership must be relatively stable and common interests must be shared.

76. What are the conditions required for a union organizing campaign to result or an election to be won by the union?
Two conditions have to exist to predict organizing attempts and a union win. First, employees have to be dissatisfied and believe they are individually unable to influence a change in the conditions causing their dissatisfaction. Second, a majority of employees have to believe that collective bargaining would improve conditions more than changing jobs and that its benefits outweigh the costs.

77. How do local community attitudes affect union power?
Unions influence the community's political makeup. The depth of support for the union among its members and citizens who may not be union members influences the union's ability to gain important collective bargaining outcomes. Community influence is most likely when an unfavorable outcome of a labor relations dispute threatens the community. Union action may also influence public policy decisions on potentially favorable tax abatements for employers.
78. Explain the median voter concept.
To obtain a majority in any decision in which the alternatives lie on a continuum, the chosen alternative must be favored by the person who occupies the middle political position on that issue since a majority requires 50 percent plus one. Thus, to predict the outcome of an election or ratification, an analyst must understand the preferences of the middle person on a continuum of attitudes toward an issue.

79. List the conditions that may have prevented union empowerment in the U.S.
First, employers fiercely protected, and unions ceded to them, the capitalistic, market-driven system the United States has embraced. Thus, prices, and ultimately wages, are controlled by the market rather than by collective bargaining. Second, with the exception of the skilled trades, employers have always controlled the content of jobs. Third, employers have historically been involved with the U.S. educational system, especially the high schools, colleges, and universities that have the closest relationship to developing skills of future employees. Fourth, business has been strongly involved with government in advocating legislation, in providing executives for public policy positions, and in using the courts to litigate labor problems. Fifth, and probably most telling, the large middle class in the United States has had strong interests in efficiency and productivity. If the middle class perceives income distribution as fair, then support for collective bargaining will not be strong.

80. What is the greatest challenge facing private sector unions?
Presently, the greatest challenge facing private sector unions is the continually increasing globalization of production. Competition from foreign labor reduces union bargaining power and can lead to the loss of jobs.
## 1 Summary

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