

The Social Responsibility Of Labor

Norman Carroll, Dominican University, USA
Molly Burke, Dominican University, USA

ABSTRACT

In the ongoing discussion about corporate social responsibility, little attention has been paid to the social responsibility of the other factor of production - labor. The modern perspective is that major economic players have an external impact on society that generates social costs that are paid by the community. The emerging view is that, for the sustainability of the community, these players must contribute in a positive way by covering these social costs and participating in the life of the community. This paper examines the extent to which unionized labor, as a major economic player, is assuming positions of social responsibility in the national and local communities. It suggests that by developing a boarder social vision, the American labor movement could revitalize itself.

Keywords: Social Responsibility; Stakeholders; Unions

INTRODUCTION

Much has been written about corporate social responsibility. Today few would deny that corporations have broad external responsibilities. Corporate culture has matured since the days when it was believed that the responsibility of corporations was only to their shareholders, though there is a minority of corporations that still hold this view (Friedman, 1963). For example, in a New York Times article, the CEO of Prudential, the British insurance company, was recently quoted as saying, "...Prudential was driven by shareholder value..." (Prudential, 2010 p. B3). The majority holds the modern view of corporate social responsibility, however, and realizes that corporations have many stakeholders beyond the shareholders. They recognize that corporate responsibility extends well beyond primary constituencies, such as employees and customers. Corporate relationships have become very complex and interrelated. Some are dictated by law, but many are shaped by the changing and broadening business culture and influenced by the global economy.

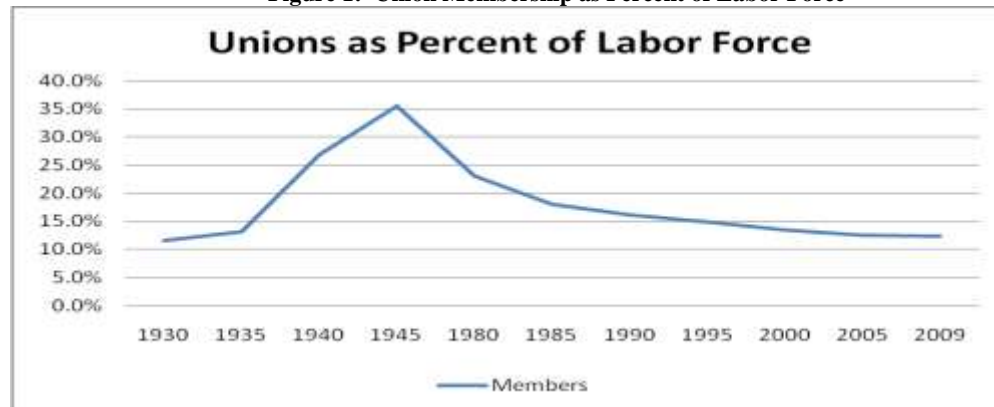
The same narrow view once held by corporations was also held by unions that believed their only responsibility was to better the working conditions of their members (Perline, 1966). But what can be said of the social responsibility of unionized labor today? The question is just as important as it was when corporations were first asked about their obligation to be socially responsible. Has unionized labor grown beyond its former perspective that it's only responsibly was improving the working conditions of its members? Little has been written about labor's social responsibility. Most of the thinking and research about the appropriate role of labor has been published by European or Commonwealth scholars.

A recent study of the Australian Trade Unions explicitly argues for social responsibility as a new path for labor (Mallory, 2005). Australia draws many of its practices from Europe, which has historically had a different social contract than the United States, and their labor movements have had broader social goals. In many European and Commonwealth countries, political labor parties were developed with strong ties to the countries' labor movement. For example, in the United Kingdom, the trade unions have one-third of the votes in selecting the leader of the Labor Party (New York Times, 2010). This direct link contrasts to the American experience of business unionism where the labor movement has not sponsored a political party, even though it engages in political action to gain its goals.

In an article published several decades ago, which examined the social responsibility of organized labor, it was argued that labor was an important institution that had the power to alter the political and economic environment (Carroll and Pati, 1970). That was a time, however, when labor was much stronger than it is today with

a membership of 27% of the labor force. In 1945, unionization reached an all-time high with 36% of the work force involved in organized labor, but now the figure is only 12% (Figure 1). This is basically the same percentage that unions enjoyed at the beginning of the Great Depression in 1930 before their aggressive organizing. The greatest decline has been mainly in the private sector, which employs 82% of the work force. That sector is only about 9% unionized today with the public sector maintaining a 40% unionization rate, showing that the strength of unions is now mainly in the public sector.

Figure 1: Union Membership as Percent of Labor Force



Source: Bureau of Labor Statistics (Current Population Survey)

It is argued that even with such reduced status, labor still has the ability and responsibility to influence the social and economic environment. The theory advanced in this paper is that labor unions, as social entities, have the responsibility to act for the common welfare beyond issues of wages and working conditions for their own members. It is recognized that to do so often conflicts with obligations under collective bargaining agreements. For this reason, labor's socially responsible behavior is seen as an extension of corporate social responsibilities. Corporations must cooperate with unions in their socially responsible actions to serve the needs of the community.

The application of this concept of broader social responsibility was illustrated by Mallory who described that in 1938, Australian stevedores refused to load scrap steel on a ship bound for Japan on the assumption that it would be used to manufacture munitions (2005). Japan had invaded China at the time and the stevedores felt the socially responsible thing to do was to prevent the steel from reaching Japan. It is not clear how their employer responded, but it is assumed that the corporation also acted in a socially responsible manner in partnership with the stevedores.

LITERATURE REVIEW

Little has been written about the social responsibility of union labor. Perhaps this is due to the fact that unions have been declining as a percentage of the private sector work force. In the Carroll and Pati article, the focus was on what labor could contribute to solving the problems of inflation and manpower planning as well as examining its contribution to the welfare of the broader community (1970). Their prescriptions do not fit the present recessionary environment, however.

Porter and Kramer have argued that corporate responses to public demands that they be more socially responsible are not effectively exploiting the competitive advantages of such responses (2006). Their article does not include the strategic importance of labor's responsibility. Carroll and Pati have argued that labor had a responsibility to moderate wage demands to be consistent with productivity increases. This would be labor's contribution to the general welfare, helping to support full employment and stable prices. However it was recognized that unions must maintain or expand their membership to be an effective countervailing economic power in an industrial democracy.

In its monograph about economic justice, the National Conference of Catholic Bishops argues that ‘full employment is the foundation of a just economy’ (p.39). They further argue that having employment is an individual right and society must insure that right. The monograph states that “the burden of securing full employment falls on all of us—policymakers, business, labor and the general public...” (p.43). This raises a question as to the social responsibility of unions to do what they can to achieve full-employment rather than only focusing on the working conditions of their members. Expansion of the unionized labor force and the labor force in general is implicit in the role of unions. But are unions acting in a socially responsible way when they restrict the expansion of the general labor force through restrictive labor practices that bar non-union labor from the labor market?

The National Conference also states that unions have a social obligation to broadly train their members and to work with educational bodies to insure that workers have flexible skills that would allow them to find other employment if necessary (p.44). The apprenticeship programs in the trade unions are understandably designed to teach new entrants the basic skills of the trade. But even if training beyond these skills does not directly add to the trainee’s fitness for the trade, it would be in the member’s interest to have the opportunity to learn skills beyond those needed by the trade. While the industrial unions do not have apprenticeship programs, they should not leave employment training to the members’ employer. Such training is usually very limited and task centered but it is in the members’ interest to get broader and more portable training.

In their textbook, Carroll and Buchholtz thoroughly deal with the issue of social responsibility of business but do not address the social responsibility of unions. Their focus is on the employer’s responsibility to employees (2008). In an essay on the relationship between the labor movement and the consumer movement, it is suggested that labor could serve its interests through a more active public support of consumer rights (Ross, 2008). The question has also been raised as to whether labor could benefit from pursuing a policy that emphasizes ethical world trade (Barrientos and Smith, 2007).

It has been widely noted that the labor movement in Europe has a different cultural view of social responsibility. Historically, European labor has had a broader view of its stakeholders (Preuss, L. 2008). Forming a social partnership was seen by labor in the United Kingdom as a strategic response to the anti-union position of the conservative Thatcher government (Ackers, P. 1998). In the European experience, labor unions have established relationships with non-government organizations (NGOs), which have played an important role as drivers of corporate social responsibility (Arenas, 2009).

It also has been observed that there has been an increase in multi-national corporate agreements that provide for labor rights and corporate social responsibility and activities such as collective bargaining and restricting child labor have increased labor’s ability to unionize and to influence the social environment (Carley, M. 2005). International Framework Agreements are not only increasing in number, given the global economy, but it is argued that they are a source of improved social responsibility on the part of both corporations and unions (Sonczak, A. (2007).

Clearly, the expectation that unions support and adopt socially responsible practices is not a new concept. The medieval guilds recognized such responsibility centuries ago (Krizov, C. and Allenby, B. 2004). Recent research has found that trade unions do tend to focus on the social responsibility, particularly issues that are of concern to their industry’s major stakeholders (Schafer, A. and Kerrigan, F., 2008). In an interesting work, Greg Mallory, a labor historian, argues that trade unions in Australia need to seek a new path, one which would be based on social responsibility (Mallory, 2005).

The Issue

Traditionally, labor unions have the objective of securing the best possible working conditions for their members; however, unions may be defining working conditions too narrowly. Since union members usually live in the community in which they work, concern for the welfare of the workers should not stop at the end of the work shift. Local unions need to be involved in their local communities to insure that the non-working environment provides the best living conditions possible for their members. The national or international unions, of which the local is an affiliate, should also be involved in the broader state and national communities to insure that the cultural, physical, educational, and political environments do not negatively impact the members’ living conditions. Since

unions are not part of a political party they are in a position to lobby both sides of the aisle for meaningful legislation for the welfare of their members and hence, the common good.

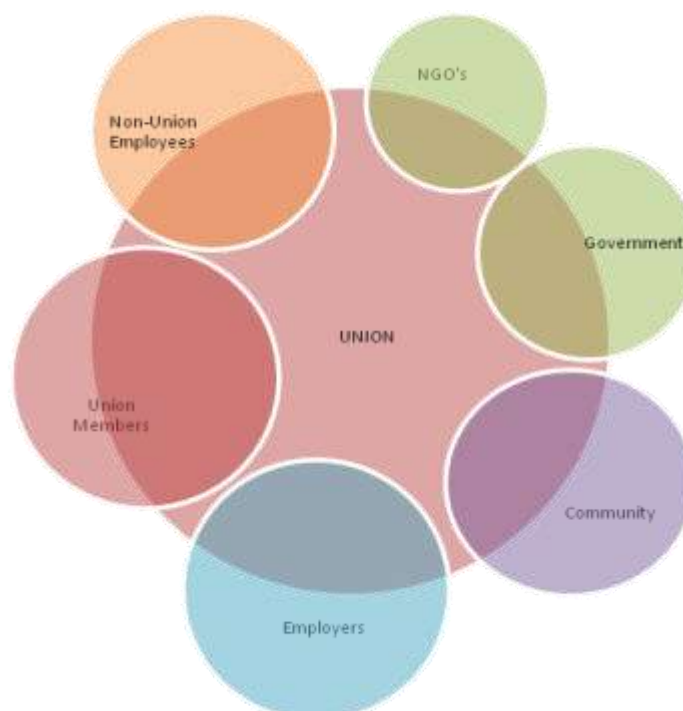
As with corporations, the stakeholders of unions have broadened to include many constituencies that have an interest in the union’s activities but are not actually members of the union. In Figure 2, a Venn diagram illustrates the relationships unions have with their major stakeholders. Labor is more sensitive to social responsibility issues as corporations expand their scope of stakeholders to the social sector (Marchand, R. (1997).

For a long time, unions have delivered effective training programs for their members as noted above but these usually have been narrowly structured to provide narrowly focused employment skills. Members have educational needs beyond these if they are to lead fully developed lives. The unions could cooperate with educational organizations to provide a much broader education for their members. They could also lobby to make educational opportunities available to the membership.

In their analysis, Carroll and Buchholtz theorize a new social contract between management and labor. The old contract, they believe, embodies the elements of job security, life time employment, stable employment positions, employer paternalism, employee loyalty, sense of entitlement, rising income, job-related training, and individual performance. The new contract provides no job security, career centered development rather than an expectation of a life time position at the same employer, flexible positions, loyalty to self and the profession, income dependent on value added by employee, broader education and training which is the responsibility of employee, and performance as part of team (p.662).

The old contract was often best achieved through union representation. The new contract, by its very terms, fosters individualism and may partly explain the decrease in unionization in the private sector. Under the new contract, it is difficult to speak of the social responsibility of individual labor aside from personal ethics. To be sure, individual ethics is very important and has been at the heart of most of the recent financial collapses from Enron to Lehman Brothers. But the real issue to consider is the social responsibility of labor as a group rather than individuals. However, organized labor can provide significant help to individuals even under the terms of the new social contract and in doing this can foster socially responsible behavior and group action.

Figure 2: Relationship of Major Union Stakeholders



Social responsibility is a dynamic concept. What is considered socially responsible depends on the expectations of society and this evolves over time in response to changing circumstances. These expectations often are formalized into laws but even when they are not, the concept of social responsibility represents cultural norms that firmly guide social relationships. As the cultural level of a community rises, so too do the expectations of its members and their presumption is that political and economic entities will be more responsive to the needs of individuals and the community. This cultural enhancement is most often driven by an increase in the education levels of the population as people become more conscious of changing values and expectations

What are society's expectations of the behavior of labor unions, in both the private sector and the public sector? This paper suggests that like corporations, unions also have social responsibilities and examines to what extent the unions are meeting them. The areas of responsibility are in contributing to full-employment, preparing members for other work, contributing to the quality of education in the community, supporting issues that involve improving life in the local and national communities, and supporting members in meeting the new social contract.

Ways Unions Can Exercise Social Responsibility

There are many ways that labor unions in the United States can exercise social responsibility. One example is the opportunity to react to the recent catastrophic oil spill in the Gulf of Mexico with a broad social vision of what labor can do to reduce the risk of such events in the future. The unions, representing the workers who are involved in the oil extraction industry, could decide to form a coalition of unions which agree to bargain for the installation of the necessary safeguards in operations that would prevent such future disasters. This would be ancillary to their respective collective bargaining agendas which may involve issues of worker safety directly. Those workers in the oil industry who are not represented by organized labor might find this to be an ideal opportunity to organize not only around wages or working conditions but because of their concern about environmental issues that go far beyond their own immediate welfare. Such a stance would most likely generate strong public support for the organizing drive.

To be effective, the union has to represent a significant percentage of the labor force because this makes it possible for the union to have a strong bargaining position. The United Mineworkers are such a union and given their strength, the mineworkers union could approach the problem of mine safety from the social perspective of environmental damage. Weaker unions could also use social issues as part of a broader negotiating agenda which would publically buttress their usual agenda that may be primarily focused on working conditions.

Unions, whether strong or weak, could emphasize the competitive advantage of undertaking social responsibility initiatives, encouraging their employers to see these as an element in their corporate competitive strategy. Unions could partner with other social groups such as an environmental lobbying association and national unions could partner with international unions and Non-Government Organizations to work for better global labor practices. The local unions could work with local and state school boards to raise the general educational and skill level of the population

CONCLUSION

In his book, *Uncharted Waters*, Mallory writes, "Social Responsibility has, as its basis, the raising of fundamental questions about human activity within capitalist society" (p xix). It falls to organized labor to ask those fundamental questions that affect the general welfare of its members beyond the workplace. The American labor movement has historically been a powerful force for the benefit of the working population. It is time for it to expand its vision beyond business unionism to include a broader social mission. If the union movement connects with the national desire for more sustainable enterprises and more equitable working and living environments, it could find itself fulfilling a new role that would reverse its decline.

AUTHOR INFORMATION

Norman E. Carroll, PhD is Professor of Business and Economics in the Brennan School of Business at Dominican University. He is also Provost Emeritus of Dominican University. His research interest is in the area of organizational structure and change. He is currently focused on studying the entrepreneurial dimension in organizational effectiveness.

Molly Burke, PhD is Associate Professor of Management in the Brennan School of Business at Dominican University. She is also Dean Emeritus of the Brennan School. Her research interest is in the role of leadership in organizations. She is currently involved in the study of social entrepreneurship.

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