ON THIN ICE? LABOR/MANAGEMENT RELATIONS IN U.S. PROFESSIONAL SPORTS

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Professional sports are described as the "toy-box" of life – fun, entertaining, and what we turn to for an escape from everyday stress. Sports are also becoming increasingly referred to as nothing more than "big business" – high paid performers and owners who couldn't care less about what team, what city, or what fans they play for, as long as they make the big bucks. The latter view is exacerbated by the rancor of events that cause fans to turn away from their teams. The Major League Baseball players' strike of 1994 and the 2004 lockout of players by owners in the National Hockey League are prime examples of such events. Currently, labor strife is simmering just under the surface of the National Football League, where owners have voted to end the existing collective bargaining agreement two years early. This paper examines the state of labor relations from the management, marketing, and ethics literature and offers a prescriptive model as it can pertain to sports. The authors present a method for building a climate of mutual trust in order to improve the seemingly intransigent chasm between players' unions and ownership.

INTRODUCTION

Authority relationships, ethics and trust are all important concepts in the discussion of labor relations in the United States. Because we are no longer living in an Industrial Revolution and the government has made advances in the protection of America's workers, some feel that there is no longer a need for the labor unions of the past. They believe that unions have nothing left to fight for because the government has regulated it all and protects nearly all workers, whether they are union members or not. Others feel that with corporate downsizing, the increased hiring of contingency (part-time) workers, and U.S. jobs being shipped to other countries, the need for unionized labor has not diminished at all. The argument from both sides of the labor – management issue is that the other side doesn't listen, doesn't play fair, and cannot be trusted.

Organizations have always had authority relationships between workers and its management. The authority relationships between labor (whether unionized or not) and management have been tenuous at best and dangerous at worst. Because of their lack of trust for each other, negotiations have generally been tough, hard-nosed, and hard-fought. Some of the bargaining tactics on both sides have been questioned as unethical, immoral, and sometimes illegal.

This paper sets out to identify ways in which labor relations might be improved through the understanding of ethics and trust from both the marketing and management literature. First we offer a discussion of authority relationships and suggestions for how managers can improve their authority relationships, especially in times of change. The second section will then outline a brief history of labor relations in the United States, the current state of unions, and the uncertain future that labor and management must face together. The concepts of ethics and trust will then be introduced, along with how these concepts fit into today's labor relations. Next, a review of a strategic marketing framework designed to help tame the labor-management frontier. Finally, a discussion of how these concepts impact the current state of labor relations in the professional sports industry in the United States.

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AUTHORITY RELATIONS

From the first employer/employee relationship, there has always been a need to establish authority, power, and control. The employer has asserted authority over employees as a way to demonstrate power and control, to keep employees working hard, and ultimately to improve profits. This establishment of authority relationships within organizations created a struggle between employer and employee, between boss and worker. Everyone within an organization is (or should be) aware of their authority relationships; they know to whom they answer and over whom they have power. Authority relationships can be exploitative, dominating, cooperative, and beneficial. The concept of authority relationships has evolved over time, and researchers and practitioners alike are embracing the idea that most authority relationships can be improved.

Unfortunately, most managers who are trying to change their approaches to authority relationships don't consider that the employees also have to make a change. It seems that managers "tend to concentrate on new leadership behaviors (a downward view) and rarely question how people on the receiving end must change their approaches to authority relationships (an upward view)" (Boccialetti 1996, p. 35). According to Boccialetti (1996), people don't generally receive changes to their relationships with people in authority well. A relatively new change for authority relationships has been the introduction of the concept of empowerment of employees. Empowerment is a strategy that organizations use to make their employees feel more control over their work, more like a valued part of the organization. It is thought that this control and feeling of self-worth will increase employees' commitment to the organization, improve their performance, and ultimately, make the organization more effective and efficient. However, Boccialetti (1996) points out, "in fact, many people have declined to embrace the much-ballyhooed concept of empowerment…. We seem to have assumed that people know how to adapt – unaided – to shifts in leadership. In reality changing people's attitudes and behaviors can be difficult and confusing" (p. 36).

What can be even more difficult and confusing for employees is that often managers are espousing empowerment, innovation and change, but rewarding agreement and conformity (Boccialetti 1996). There are ways for managers to effect these changes and improve their authority relationships. Two important steps are: (1.) Managers must "present reasons for the change and address them directly in training and change efforts. Employees need to understand the changes expected of them in their relationships with people in authority" (p. 38). By giving the employees the courtesy of explaining why the change is taking place, and helping them train for the changes, they will be less likely to object and resist the change. Also, they will be more likely to see the benefits to themselves and the organization. They will feel valued by their managers and by the organization, and will be more willing to share in the implementation of the change. (2.) "Start by conducting a management self-assessment. Managers can be blind to their own behavior and how it's perceived. Other assessments from higher-level managers and peers can help address a manager's biases about him- or herself" (p. 38). If a manager does not take any time for critical self-examination, he or she will never improve.

These suggestions, along with ideas like employee empowerment, will not eliminate or weaken authority relationships in organizations, even in organizations in change-based cultures. "In such cultures, changes will lessen authority and hierarchy but not do away with them completely…. Organizations, especially large ones, will continue to need a context of authority in which to coordinate efforts, process information, and deal with employees who have different abilities, expertise, and interests" (Boccialetti 1996, p. 40).

LABOR RELATIONS IN THE UNITED STATES

In Gregory Clark's (1984) article, "Authority and Efficiency: The Labor Market and the Managerial Revolution of the Late Nineteenth Century," he begins with the following question: "Why are authority relationships between management and workers almost universal within modern firms, given the prevalence of exchange relationships in the rest of the economy" (Clark 1984 p. 1069)? He poses the question because modern firms have always designated management to have power and authority over workers, but in the rest of the economy, firms do business using exchange relationships. Those interactions tend to be more mutually beneficial and more balanced, whereas the authority relationships tend to be dominated by one party (usually management) and the power is definitely not balanced. "The managerial revolution resulted in the concentration of production decisions in the hands of management" (Clark 1984 p. 1069). Among economists and historians, there is a disagreement about whether concentrating power in the hands of management was necessary to increase production efficiency. What is interesting about this dispute is that radical and conventional accounts do not differ greatly on the facts. They simply disagree about whether that method benefits society as a whole. Before the managerial revolution of the late 19th century, work was not solely organized through authority. Workers negotiated with each company based on how much they would get paid, how much work would be produced, how long it would take, etc. The radical view is that the motive behind the concentration of production decision-making was to take away the workers' control, and that productivity increased mostly because the workers were forced to work more intensely. The conventional view "is that centralized techniques were more efficient, permitting the maximum joint return to workers and the firm" (Clark 1984, p. 1070).

Conventional economists do not argue that these reorganizations were aimed at reducing the workers' power – they just find it unexceptional. Research has shown "that in industries where the American Federation of Labor was strong in the 1870s there were vigorous, and by 1900 successful, attempts to undercut union power by introducing machines requiring less skilled workers" (Clark 1984, p. 1071). Some organizations introduced new machinery in order to break the union, and after that was accomplished, re-hired the skilled workers at a much lower wage for most of the production. Conventional economists feel that this simply illustrates organizations trying to be efficient and profitable. Radicals would argue, "the reorganizations of production to eliminate control by skilled workers were profitable but not efficient. The gains in profit by the firm were less than the loss to the workers" (Clark 1984, p. 1071).

Ignoring the arguments of radical and conventional economists, what Clark presents is a picture of extreme acrimony. It has developed because of mistrust between these social groups (management and labor) that must interact. "The mistrust played an important role in shaping the new techniques adopted in the course of the managerial revolution" (Clark 1984, p. 1082). Neither side trusts the other, and clearly, never has. Labor has always seen management as an ogre snatching away their power and control; and management has always seen labor as an unruly, self-centered mob. Clark's (1984) review of labor at the time of the managerial revolution demonstrates that the bitterness of labor relations in the United States seems to have been present since the two sides began interacting. Regardless of the motives behind the centralization of production in America, it is clear that labor and management have to work together to produce much of the nation's output, and that despite their general mistrust of each other, they have to operate on some common ground in order to continue this very fragile relationship.

Part of President Franklin Roosevelt's New Deal legislation included the 1935 National Labor Relations Act (sometimes referred to as the Wagner Act). This piece of legislation was

designed to protect workers' rights to unionization. Because organizations had been able to break unions and punish those who belonged to unions in the past, this act was passed to help create a balance between organizations and workers. The National Labor Relations Act created the National Labor Relations Board (NLRB), which still to this day enforces the legislation. The NLRB conducts secret-ballot elections for employees to determine whether or not they want union representation and investigates unfair labor practices by employers and unions. According to the NLRB website:

> The statute guarantees the right of employees to organize and to bargain collectively with their employers or to refrain from all such activity. Generally applying to all employers involved in interstate commerce--other than airlines, railroads, agriculture, and government--the Act implements the national labor policy of assuring free choice and encouraging collective bargaining as a means of maintaining industrial peace. Through the years, Congress has amended the Act and the Board and courts have developed a body of law drawn from the statute. (http://www.nlrb.gov/nlrb/press/facts.asp, 2004, para. 1)

The National Labor Relations Act established the rights of unions to strike and to negotiate with management. It specifies that management is compelled to bargain "in good faith" with its workers, meaning they cannot just turn down every offer proposed. It also defines what unfair labor practices are (including firing workers who attempt to unionize).

This legislation was created with the hopes that American organizations would be competitive, successful and profitable, and that American workers would be protected from physical harm and exploitation, and fairly compensated for their time and energy. However, the recent news is not so rosy for the American worker, the American organization, and ultimately the American economy. Nearly every sector of the U.S. economy is struggling, from retail to high-tech to manufacturing, "we seem to be hemorrhaging blue collar and managerial jobs" (Higgins 1996, p. 475). Almost everyday, the news reports layoffs, corporate downsizing or company closings and the reasons are varied, among them: the struggling economy, fears of terrorism, the stock market decline, and the opportunity to send jobs to other countries to hire workers who will take far less money for their work.

While the economy struggles and the nation deals with a war and fears of terrorism, labor is growing increasingly weak. "Even though every country has its own particular political and economic issues that affect unionism, a weak economy can be hard on organized labor because members lose their jobs and companies demand concessions to keep the remaining ones. Potential new members may refrain from activity for fear of getting fired" (Tejada 2002, p. A.2). Labor leaders seem unsure as to how to handle an aggressive campaign without looking like they are trying to wage ugly union battles at home, while Americans try to fight a war against terrorism, and a war in the Middle East. Given the recent corporate financial scandals involving AIG, Merrill Lynch and others, it seems that unions would use evidence of greedy management to mobilize workers. However, that does not seem to be happening. "Unions have gone from representing entire industries to small bargaining units, such as individual companies and work places. That makes concerted action more difficult" (Tejada 2002, p. A.2). They have been unable or unwilling to leverage these corporate abuses to their advantage.

Increasingly, American companies are eliminating full time (often union) jobs and replacing them with part-time (contingency) workers. These workers generally receive lower pay and no benefits. "In 1992, while the U.S. economy was generally stagnant, temp jobs grew 17 percent" (Higgins 1996, p. 476). This trend continues today. The use of contingency workers appears to be only a short-run cost-cutting solution. The companies will

ultimately face higher costs in initial training, employee theft, and absenteeism, as well a lack of employee loyalty, which will inhibit productivity and quality. Corporations argue that these hiring practices allow them to be more flexible, profitable, competitive, and adaptable because they do not have "to deal with the cumbersome restraints of union work rules and collective bargaining" (p. 476). However, many scholars argue that the low wage/high turnover hiring philosophy is not socially ethical; it will create a "permanently entrenched core of poor people with little or no savings, retirement benefits or medical insurance" (p.476).

At the same time as temporary jobs are increasing, or perhaps because of it, another trend is emerging – decline in union membership. Tejada (2002) notes,

> Union membership has declined over the past two decades to 13.5 percent from more than 20 percent of the work force. Union density is far greater in other countries, including Germany, Britain and the Netherlands. According to the International Labour Organization, in 1995, union members constituted 28.9 percent of workers in Germany, 32.9 percent in Britain, and 25.6 percent in the Netherlands. That year, U.S. union membership was 14.9 percent of the work force. (p. A.2)

In the 1950s union membership was about 35 percent of the private labor force, but "the tremendous loss of manufacturing jobs, the traditional union stronghold, has not been viewed as alarming, because of the rapid increase in service-related jobs" (Higgins 1996, p. 476). This decline in membership does not indicate that members are deserting, but rather union-held jobs are being relentlessly eliminated. "Around half of America's union members live in only six states: Michigan, Illinois, Ohio, California, New York and Pennsylvania. But even in Michigan, the unions seem in retreat. The UAW has lost almost 1m manufacturing jobs in the past two decades" (Economist 2004, p. 28). "Of the more than 15,000 first-time claims for jobless benefits in Ohio last month, more than half came from manufacturing workers, according to preliminary data from the U.S. Bureau of Labor Statistics" (Niquette 2004, p. 1E). Those with highly technical, industry-specific skills who previously were well employed are now scrambling to find odd job, part-time, and/or janitorial work just to provide for themselves and their families.

Critics of organized labor attribute the decreasing membership to a lack of confidence by the American worker in unions (Higgins 2000, p. 10). In this view, workers no longer feel that unions can do anything to protect them and that they are in existence only to support self-serving union leaders. Another critical approach to the decline in labor is "that unions are no longer needed, thanks to the beneficent workings of the free market, and that their demise is a blessing to the nation and to workers" (Higgins 1997 p. 21). Higgins (2000) responds to these criticisms by arguing that "even if all workers enjoyed decent wages and working conditions (and millions, of course, do not) there would still be a need for unions to empower workers to participate more effectively in the conduct of their own industries and in the overall conduct of our economy" (p. 10). Bennett and Taylor (2001) examine the idea that union membership has been declining because government statutes have replaced many union roles. "Over the past 150 years, unions have used their political clout to advocate legislation and establish regulatory agencies that supercede entirely or greatly circumscribe the scope of collective bargaining on many issues of significance to employees" (Bennett and Taylor 2001, p. 262). Workers have less incentive to join unions because worker laws already protect them.

Bennett and Taylor (2001) point out that unions' major goals (secure a safe work environment, shorter working hours, higher wages, access to health care, compensation for job loss caused by injury, and provisions for retirement) were initially achieved solely for union workers. As time passed, legislation has

given all American workers access to these achievements. This concept that "government legislation and regulations diminish the role of collective bargaining between employers and employees" (Bennett and Taylor 2001, p. 269) is known as the substitution hypothesis. Bennett and Taylor (2001) argue that the substitution hypothesis "has contributed to the steady decline in union density in the private sector" (p. 269). These authors look at what this hypothesis means for two public policy issues – health care reform and the future of social security. One of the biggest benefits of being a union member is that unions provide exceptional health care plans for their workers. If universal health care becomes a reality for Americans, then unions lose their advantage in that regard. "To the extent that health care coverage is an important issue in workers' decisions to join unions, the substitution hypothesis suggests that movement towards universal coverage legislation will negatively affect unionization" (Bennett and Taylor 2001, p. 270). With respect to the future of social security, "to the extent that the substitution hypothesis suggests that the retirement benefits provided by the Social Security system reduce the expected benefits of joining a union, the prospect of the system's failure may convince more workers to join unions" (Bennett and Taylor 2001, p. 270).

Organized labor faces a number of challenges in the future. They continue to face declining membership due to major job losses. They also face losses due to the actions the government has taken to protect American workers. They confront the challenge of re-connecting with the politicians and the public at large to gain support and backing. If state and federal government programs become more expansive, unions will likely face a diminishing role. However, if these programs fail (i.e., social security, universal health care) or are removed, then unions will take on a larger role for American workers. Together with management, labor must face the pressures of a faltering economy and the changes that occur because of it. Despite the problems that both sides have had, their futures are ultimately intertwined. If both sides continue to act with hostility toward each other and toward negotiations with one another, the United States may lose its global competitiveness. "The spectre of falling short, of being a mediocre player in the new world order of things, should serve as a clarion call for all the players in the U.S. workplace to strive for new ways to approach one another" (Higgins 1996, p. 478). The leaders on both sides need to take a close, hard look at ways to improve their relations. Innovative corporate executives and labor leaders need to find a way to break down the barriers that have divided them for so long and join together to improve their relationships and ultimately improve their success in the global marketplace.

ETHICAL CONSIDERATIONS AND TRUST

"The ethical imperative of labor-management conciliation is simple. Labor unions represent the voice of the blue collar middle class. If we allow that voice to fade, we will be left with the discordant cacophony of individuals struggling to survive" (Higgins 1996, p. 478). Scholars and practitioners alike recognize that unions tend to act as checks and balances for a capitalist society. They require organizations to maintain wages and be fair and honest in their dealings with their workers. Like employee participation and empowerment programs are designed to do, unions give workers a voice, unions allow them to participate in the process, unions allow them to give feedback on changes and organizational systems, all without fear of retribution or repercussions. Because labor and management have to deal with each other through stressful negotiations, neither side trusts the other, and there are questions as to whether both sides bargain ethically.

Trust and ethics seem to be interrelated, especially when discussing negotiating. It is unclear "what is ethical in bargaining, particularly where deception and bluffing are concerned" (Provis 2000, p. 145). Some academicians think that deceptive bargaining is ethical and appropriate because exploitation is

possible and must be avoided somehow. Others feel that there are other ways to protect oneself against exploitation. Oftentimes it can be difficult to determine deceptive intent, the "appearance bluffing can be explained as exchange of concessions where claims were genuine but parties make sacrifices in order to reach agreement" (Provis 2000, p. 145). Most people would assume that "other things being equal it is wrong to deceive others or conceal information from them if doing so is likely to affect their actions and harm their interests" (Provis 2000, p. 146), but when negotiations occur, somehow the same ethical standards do not seem to apply. Provis (2000) argues, "we are subject to the same ethical constraints in negotiation as we are in other social interaction" (p. 146).

This is particularly important in labor negotiations because "the interests and concerns people have in labor negotiations tend to be deep and far-reaching" (Provis 2000, p. 146). When two sides are bargaining, ethical behavior is generally seen as commitment to principles, rather than self-interest. If both sides see ethical behavior from the other, rather than self-interest, they will develop some trust in each other. Trust appears to be the biggest factor when two parties are bargaining for mutual gains – they trust that the other party is not trying to exploit them. "The renewed emphasis on the role of trust in good labor relations therefore implies a need to reflect on ethical behavior in labor relations: other things being equal, ethical behavior will promote trust and unethical behavior will inhibit it" (Provis 2000, p. 147).

Provis (2000) discusses "well-documented strategies that we can use to guard against deception by others without leaving ourselves too wide open" (p. 154). These strategies generally revolve around indirect communication. Communicating that one side is open to fractional concessions shows their willingness to cooperate without giving away too much, and generally gives rise to a process of reciprocity, by which the other side begins to make small concessions as well. Negotiators can also use "hints, non-verbal communication and other 'back-channel' communication…. Indirect communication allows each party to make offers or put suggestions which are ambiguous and therefore disavowable if the other does not respond, but which allow increasingly clear communication if both parties wish that to occur" (p. 155). As mentioned previously, trust is a very important component to negotiating, but it is one that seems to be lacking in most of the labor-management negotiations. The parties themselves refer to "armed camps" and "religious wars" (Higgins 1996, p. 479) when discussing negotiations, which illustrates just how difficult it is bridge the gap between the two and get both sides to temper their disagreements. However, bridging that gap is exactly what is needed in order to effectively compete in the global marketplace.

Seemingly in direct contradiction to Provis' (2000) stance on ethics, morality and trust, Dees and Cramton (1991) propose the "mutual trust perspective" to explain why "shrewd" (deceptive) bargaining tactics occur. Their perspective is that there is no mutual trust between the negotiating parties, so there is no reason for either to refrain from deceptive behaviors. In fact, the parties should act shrewdly for self-defense purposes. Dees and Cramton (1991) describe the core of the mutual trust perspective, as made up of two principles. These principles are:

> *Mutual Trust Principle*. It is unfair to require an individual to take on a more significant risk or incur a significant cost out of respect for the interests or moral rights of others, if that individual has no reasonable grounds for trusting that the relevant others will (or would) take the same risk or make the same sacrifice.
>
> *Efficacy Principle*. It is unfair to require an individual to take a significant risk, or incur a significant cost out of respect for the moral rights of others, if the action that creates the risk or cost is unlikely to have its normally expected beneficial effect, or if it would benefit

> only those who would not willingly incur the same risk or cost. (Dees and Cramton 1991, p. 144).

It is easy to see that labor-management negotiations usually follow this mutual trust perspective. Neither trusts that the other will behave morally or ethically, so both feel justified in their deceptive (some would call shrewd) tactics. There is clear evidence as to why neither side trusts the other, when looking at labor relations historically. Countless lockouts and strikes and very acrimonious negotiations have plagued these relationships. "Viewed in light of Mutual Trust theory, the clash between labor and management over the adoption of employee participation teams, for example, is predictable" (Higgins 1996, p. 479). In terms of an employee participation team, management sees it as a great advantage to the company. It will improve quality and productivity; it will reduce waste, and make the company more profitable and more competitive. They see these benefits as obvious and just expect the assembly line worker to see the obvious benefits too; whereas the assembly line worker just thinks it is more propaganda, and assumes that if he becomes more productive, the company will need fewer workers. A real breakdown in communication occurs, and the workers are left with questions such as, "how come if you expect us to trust your vision of quality teams, you didn't trust us to be involved with evaluating and overseeing the process to begin with?" (p. 480)

By involving unions in the process from the very beginning, they don't feel so threatened. They feel that management values their input and that changes can be ways to improve, and are not just plots to sabotage the union. For labor and management to collaborate more often, both sides need to stop thinking that there can only be one winner and one loser. They need to realize that they are reliant on each other for success, and the best way for each to achieve success is to work together, to trust each other. As the vice president of General Electric says, "'I believe, unequivocally, that they must coexist, complement and support each other. If not, neither will survive in an increasingly competitive world. And we need them both'" (Wiesendanger 1994, p. 56).

While the mutual trust perspective helps to understand why unions and management do not collaborate, it is not necessarily the best way for them behave. Because of this, Dees and Cramton (1991) present the trust building principle as a way to improve the situation. This third principle says, "When mutual trust is absent or weak, individuals should be willing to take modest risks or incur modest costs, in an effort to build or reinforce the trust required to secure moral action in the future" (Dees and Cramton 1991, p. 157). Corporate executives and labor leaders must start to create a climate of trust in order to begin to heal the damage of a century's worth of fighting and animosity. Strategies to achieve this include relationship building, developing feelings of group identity through more frequent and open communications – both formal and informal. The two sides often feel they are as different as night and day, but if they would take the time and effort to get to know each other, they would recognize that are not so different, and they actually have similar goals. They can take steps to achieve those mutual goals and work to improve their relationship.

Higgins (1996) notes a paradox in what the management and marketing literature espouses and in what the business community is actually doing. Literature hails the positive impacts of employee participation programs, empowerment, and cross-functional teamwork on quality, customer satisfaction, and performance. Newspapers and the popular press report that in the business community, the trends are downsizing, outsourcing, and hiring contingent workers so that companies can compete globally. "Taken separately, each of these trends can be seen as sound, logical and ethical results of skillful management decision-making in the wake of changing technology and international competition. However, taken collectively, the premise becomes absurd" (Higgins 1996, p. 478). The absurdity is that managers expect the workers to trust them that

these types of changes are necessary, even beneficial; that their participation in these types of programs will be appreciated and rewarded. The managers neglect to notice that the workers are questioning whether their input really will be appreciated and rewarded; and they are thinking that these teamwork initiatives are subtle ways of increasing productivity so that the company can eliminate more full-time workers. When managers do feel resistance from workers, they never consider that it might not be for self-serving reasons. Workers sometimes have a better understanding than managers of how a change will affect production because they deal with it everyday. Managers assume they are right, and the workers are just being obstinate. "The chasm created between management and the hourly employee by the convergence of these trends is certainly exacerbated by years of mistrust and ill-will at the union-management interface" (Higgins 1996, p. 478).

In order to bridge this chasm and help both sides recognize the importance of the other in their own survival, Higgins (1996) suggests "some actionable strategies for improving management-labor relations, based on the internal marketing mix perspective" (p. 481). The author presents a strategic marketing framework designed to help labor and management establish trust in one another. "Internal marketing, a concept originally applied to service organizations, involves focusing a company's marketing efforts not only on its external customers, but also on its employees as internal customers" (p. 477). The idea behind internal marketing is that employees feel that their needs and concerns are addressed so morale is higher and loyalty is strengthened. Because of this, employees improve their service to the company's external customers, which ultimately improves the company's customer loyalty, and ideally, its profitability.

The proposed framework is based on the "4 Ps" of marketing: product, promotion, price, and place. Management and labor do not generally think in the same terms when thinking about the company's "product". Management thinks "big picture," what separates their product from the competition, what makes it better than the others. They think of its core benefits, tangible features, and the service they provide to customers who buy the product. The workers who physically make the product think about the minute details of the product and how many pieces they have to finish on their shift. Oftentimes, the workers never even see a finished product. They only see their small portion of what they assemble for the product. "Internal marketing suggests that management communication with the machinists and other direct laborers shift, from an emphasis on product quantity expectations to an understanding of the 'big picture'" (p. 481). By getting the workers to understand where "their" piece fits into the product as a whole, how that fits into company survival, they can see how their job impacts customers. They can begin to take more ownership in what they do, which can lead to increased organizational commitment. "The result will be an understanding of the importance of efficiency and quality as long-run job security for *all* employees; and ease the mistrust that increased productivity will only lead to more layoffs" (p. 481).

Promotion of new ideas and programs is a key role in internal marketing. Just as promotion to external customers is vital to get them to buy the product, internal promotion is necessary to get workers to "buy into" anything new. When implementing new programs or new ideas, managers tend to tell their workers what the change is, how it is going to work, and what they are going to have to do. It is simply a manager telling a worker about more work that they *have* to do. By marketing the changes internally, "management has the opportunity to win cooperation from the union for the participation program by effectively promoting its benefits" (p. 481). If labor can see the benefits of new initiatives, then they are more likely to embrace them. However, for this promotion to be most effective, management has to involve the union from the beginning. When starting the planning process, unions

should be included in the decision-making. They have a different perspective and may bring a unique voice to the situation that can help innovations be truly effective.

"To the external market, the price of a good or service serves as signal of value between buyers and sellers. And when buyers are convinced that the perceived value of the product exceeds the perceived cost, the purchase is made…. [If] customers feel that they have received superior value… [they] will likely tell others and remain a loyal customer" (p. 481). When considering price internally, management must figure the costs of any changes to the workers. Managers must find ways to maximize the perceived benefits while minimizing the perceived costs in order to gain acceptance from the workers. These perceived costs to workers are usually time, physical effort, and psychic costs. New training will cost the workers time. Changes to procedures or responsibilities can also cost the workers more physical exertion on the job. Generally, however, psychic costs seem to be the greatest cost when considering labor relations. Psychic costs include mental effort, feelings of inadequacy and fear. As mentioned previously, many people are resistant to change because they are unsure of how they will do it. Higgins (1996) suggests that information sharing is a great strategy to reduce the psychic costs to workers. Generally, workers have no idea what a company's financial status or production figures are. They are left to "speculate on how the company wastes money, gives huge salaries and bonuses to executives, and whether management is telling the truth" (p. 482). By giving workers a clear picture of the company, they can see for themselves how the benefits of teamwork outweigh the costs.

Place, the fourth "P," focuses on the effective distribution of the product and/or service. For internal marketing purposes in the labor-management relationship, "the focus is on mechanisms for effective and efficient distribution of cooperative programs" (p. 483). Managers should begin research to elicit an understanding of their employees' attitudes and perceptions of the work environment. "From this baseline of information training sessions can be molded to introduce participation concepts in a manner which is responsive to workers' concerns" (p. 483). Managers should also rely on informal channels (conversations, newsletters, direct mail, etc.) to "distribute" or communicate their commitment to cooperation. Social interactions, such as interdepartmental lunches and mixed department sports leagues, may be uncomfortable at first, but can aid in the distribution of information and ideas. These channels will be vital for both sides to begin to build that climate of trust; they will see that they are not as different as they once believed. By understanding how the adversarial relationship between labor and management developed, both sides can begin to see ways to repair it. "The ethical and practical need for conciliation between labor and management is urgent. Supplanting hostile, arms-length negotiations with cooperation built on mutual trust must be viewed as a realistic achievable goal rather than utopian, philosophical ravings" (p. 484). If both sides can see the necessity of ending their bitter feud, then they can start to envision strategies toward that end. Only when both sides begin to trust each other will they make advances in their relationship, and only then will they improve American competitiveness in the global economy.

Figure 1 is a model of management and labor relations moving toward a climate of mutual trust, and the outcomes of such a move. The "trust building process" box in the model shows how labor and management should interact in order to start building this mutual trust climate. Management should follow Higgins' (1996) suggestions on internally marketing the organization, any changes they might consider, as well as joint efforts to develop new programs to improve the organization. The internal marketing strategy is a way for management to show the workers that the perceived benefits of cooperating with management outweigh the perceived costs. When negotiating, both sides can engage in fractional concessions. Showing that they are willing to give up small parts of what they want indicates that they are

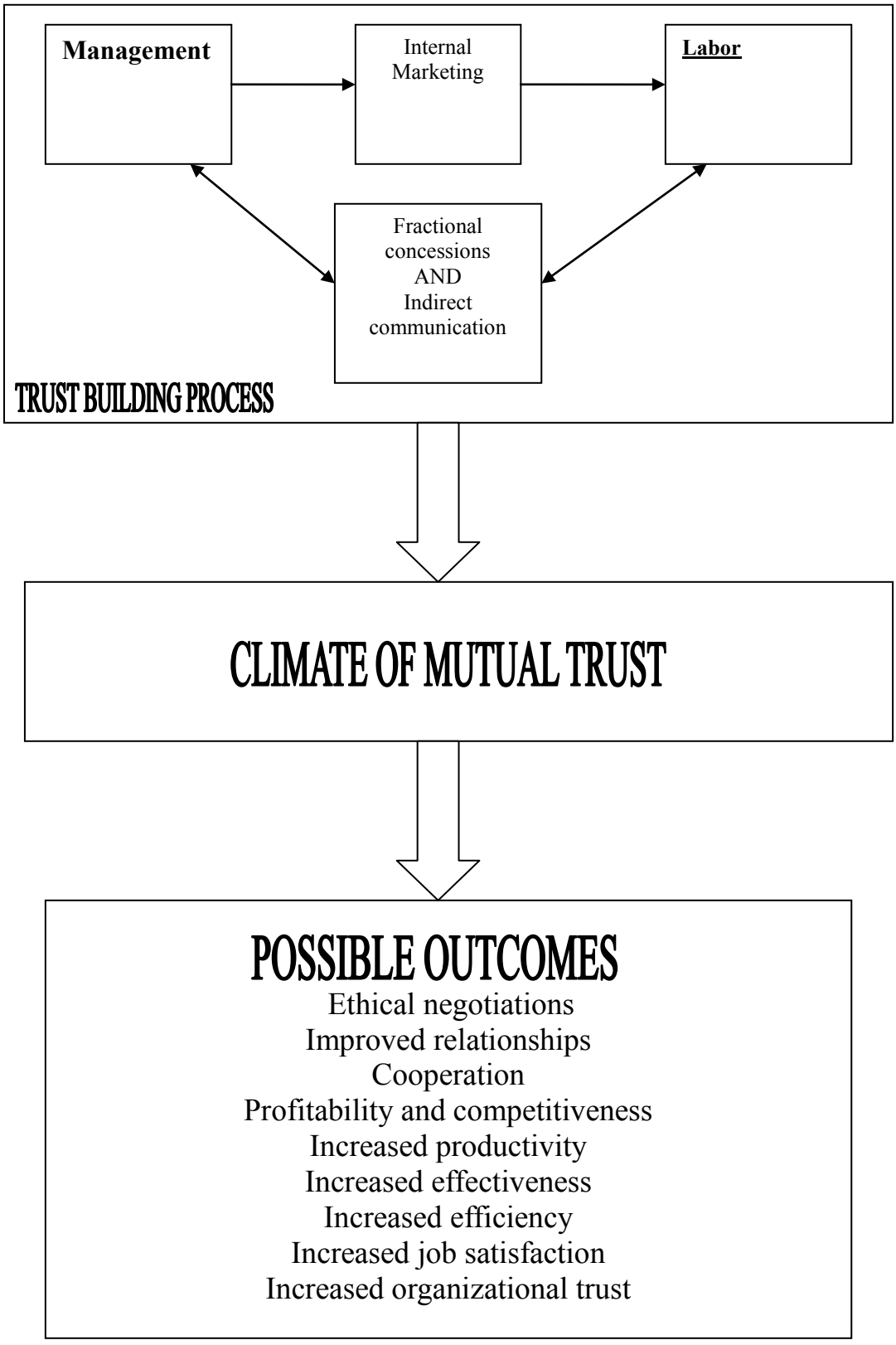
bargaining in good faith, and they want to make the agreeable amenable to both sides, but it does this while still allowing the sides to risk very little initially. This is important because as the mutual trust perspective has shown, neither side will choose to act ethically or morally if they have to risk too much, and if they do not think that the other side will act ethically or morally. Indirect communication between the two sides is another strategy that can be used in order to convey that they are willing to come to an agreement without risking very much. The double-headed arrows indicate that both labor and management must engage in these types of strategies in order to build a climate of mutual trust.

By implementing these strategies, both sides are working together toward a climate of mutual trust. This is indicated by the large block arrow going from the "trust building process" to the "climate of mutual trust." Once the sides have built this climate of mutual trust, there are many possible positive outcomes. Both sides will feel safe to engage in ethical negotiations, without fear of exploitation, and their relations will improve. They will be more focused on cooperation rather than confrontation. This will lead to increased profitability and competitiveness, and increased efficiency and effectiveness in production operations. Both managers and laborers will feel an increased level of job satisfaction because there won't be the tension that they normally feel when dealing with each other. This will lead to an increased level of organizational commitment. The list of possible outcomes is not exhaustive, but is indicative of the kinds of improvements both sides will gain from this increased trust. The importance of building trust between these two adversaries cannot be overstated. It is vital to the success of management, of labor, and of the organization. The model presented in Figure 1 is a guide for labor and management to see what needs to be done and what can occur if they begin to trust each other.

IMPACT ON SPORTS

Can this model, derived from the management and marketing literature, work in the fractious atmosphere of U.S. professional sports? Sport is supposed to be one of the few bastions of honesty and fairness in society. The rules of sport were created to be objective, to ensure that the team or athlete who plays the best on that day is declared the winner. People want to believe that there is always hope for the underdog, that there is no discrimination, that it is clear-cut – the best team wins. Fans aren't sure they can trust that anymore – corked bats in baseball, illegal clubs in golf, gambling scandals, steroids and other performance enhancing drugs in every sport. These days it seems that there is so much unethical, and sometimes, illegal behavior in sports, fans are losing their faith. The recent strikes and lockouts have done nothing to improve professional sport's image. Negotiations between professional sports team owners and the players' unions have been just as acrimonious as any other labor relations in this country. Owners portray the players as greedy and self-centered. Players portray the owners as greedy and exploitative. The owners say that they lose money every year by owning a team; the players say that they are not getting paid what they are worth. Based on the previous discussions in this paper, it is clear that neither side trusts the other, and neither side negotiates ethically. But like other unions and managers, the owners and players must recognize the jeopardy in which they are putting their leagues. The 1994 strike in Major League Baseball devastated the fans, sponsors, and advertisers. It took years for MLB to regain what had been lost because of the strike. If they can build mutual trust, they can bargain successfully and improve their sport. The owners complain that the players' union has too much power and control over the individual players. However, the unions in professional sports have to negotiate with the league, rather than each individual team. Imagine if GM, Honda, Ford, and all the other car manufacturers in America negotiated with the United Auto Workers as a group. They would

FIGURE 1:
Management-Labor Relations Moving Toward a Climate of Mutual Trust



be able to exert far more pressure on the unions than they already do. This is the situation in professional sports.

When professional sports first began, the players had no union representation, and even after the National Labor Relations Act was passed, the players resisted unionization. They believed that they didn't need it. It wasn't until the 1970s that players unions began taking control. Players began resenting being treated as property and having their freedom restricted. The owners could keep a player on his team for the length of his career, or the player could be traded without his consent regardless of how long he had been in the league. This was known as the reserve clause, and in 1970 Curt Flood sued MLB to challenge the legality of the reserve clause. Flood lost the case, but set the stage for free agency in baseball in 1975, and in the other professional sports later. The owners have a monopoly in their business, and they've tended to view their players as commodities, rather than a work force. They had all the power and the players had none. When the players finally realized the benefits to unionizing, the power slowly began to shift. In discussing labor relations in professional sports, Gilroy and Madden (1977) saw this balancing of power as a great step toward mutual benefits for players and owners. "The internal dispute mechanisms the parties themselves develop, rather than the courts, will bear the brunt of finding answers to their rights and interests conflicts. Such a system should provide a firmer business footing in professional sports, to the benefit of the players and owners alike" (Gilroy and Madden 1977, p. 776). The authors saw great potential in 1977 for the two parties to settle disputes internally and find ways to reconcile each side's interests and rights with the other's. As the decades progressed, however, labor-management relations deteriorated. Owners resented the players' unions' growing power, and the unions resented the owners' attempts to pay them less than what they felt they were worth.

There have been 15 work stoppages in professional sports (each of the four major leagues has had at least one), but there have been many more threatened strikes and lockouts and plenty of mudslinging from both directions. Baseball has the worst record – eight potential stoppages resulted in eight actual stoppages. In 2001, only seven years after the strike which had been so detrimental to MLB, the Commissioner announced that two franchises would be "contracted." This was "a bold stroke that would highlight the sport's economic condition, and more important, wouldn't require union approval" (Fatsis 2002, p. W.4). The owners were feeling desperate because the union had won every significant battle since the 1970s. Labor relations in baseball are probably the worst in all of professional sports, and the reason is simple, according to Fatsis (2002), "its club owners and players' union hate each other" (p. W.4). This statement is indicative of everything that has been discussed previously. Such extreme acrimony in labor relations leaves little hope for conciliation. But, if owners and unions do not attempt to find ways to cooperate, they will ruin what is left of their professional sports. Fans today understand that pro sport is a business, but they will be held hostage by owners and players for only so long. Like other industries, it may take getting to a point where neither has anything to lose – they will be faced with the collapse of their sport or their cooperation to save it.

The National Hockey League, the smallest revenue generator of the four major leagues, faced such a situation in 2004. "TV ratings are minuscule, franchise values are plunging and two teams recently spent time in bankruptcy court. Now add record financial losses to the lineup" (Fatsis 2003, p. B.1). The NHL spent 76 percent of its 2002 revenue on player salaries and benefits. That is a higher percentage than the NFL, NBA, or MLB. It is a level at which no business can survive; the NHL's chief legal officer says, "the league will lose teams and players will lose jobs if we can't fix this" (Fatsis 2003, p.B.1). League officials hoped that the ominous overall picture could persuade the players to make changes. It appears that some owners were beginning to take the "internal marketing" approach. "In a

move once unthinkable for an NHL executive, the Flames president invited all 22 athletes to a boardroom at team headquarters, where he flicked on an overhead projector and bared the club's financial soul" (Gillis 2003, p. 38). However, the two sides could not fully cooperate and the NHL owners lockout shut down the entire 2004-2005 season. The result? By the time a new collective bargaining agreement (CBA) was reached in July 2005, the league had only three months "to lure back a disenfranchised fan base, persuade corporate sponsors and partners to continue their support and sign a new TV deal. The League lost more than $40 million in ad revenues and $60 million in rights fees from a one year contract with ESPN" (Thomaselli, p.1).

Currently owner vs. union grumblings are surfacing in the National Football League. In July 2008, NFL owners voted to back out of the current CBA two years early. This decision by the owners will not have any significant impact through the 2008 and 2009 seasons. However, "During the NFLPA's (National Football League's Player Association) annual meeting in mid-March, much of the union's agenda was spent discussing the options of a looming labor battle. Upshaw (late President of the NFLPA) warned of the possibility of an owners lockout in 2011" (Mortenson, p.1). Unlike most labor disputes this is not about whether teams are losing money but how much profit the League is entitled to make. Thus, owners are adamant about *not* turning over any financial information to the players union.

Both sides need to consider the model approach to labor negotiations discussed in this study – cooperation and incremental trust. Confrontation and greed will lead only to unsatisfactory results, with fans once again watching the spectacle of billionaire owners fighting with millionaire players.

CONCLUSION

Labor relations in the United States have always been strained, whether it is the manufacturing industry or the professional sports industry. It is clear that neither side trusts the other, and that hostility will continue unless both sides show some desire to change. When they realize how important they are to each other, they may begin to try to heal their fractured relationships. Internal marketing, informal communication, and fractional concessions are all strategies that can be used to build a climate of mutual trust, where both parties feel little risk for exploitation, and both see the tremendous benefits of working together instead of against one another. Within this climate of mutual trust, labor and management can begin to get to work on improving their organization, their industry and even the economy.

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