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## EFFECTS OF RIGHT-TO-WORK LAWS: CAN THEY INCLUDE HIGHER LEVELS OF SATISFACTION FOR UNION WORKERS?

Steven Lance Popejoy, University of Central Missouri

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*This paper reviews theories and evidence on the effect of “right-to-work” laws on union members’ satisfaction with their unions. With the increase of right-to-work activity at the state level, and with federal right-to-work legislation pending in Congress, this has returned as an important political issue. Following a brief review of how the hypotheses of “taste,” “free-rider,” and “bargaining power” can influence various effects of right-to-work laws, the idea of utility maximization paired with measures of union satisfaction is explored to show theoretical evidence that greater levels of union satisfaction could exist in right-to-work states than exist in non-right-to-work states. Arguments for both positive and negative effects are compared. The author proposes that, as a future area of research, empirical tests be performed that combine the concept of simultaneous equations with recently developed measures of union satisfaction.*

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### INTRODUCTION

Since passage of the initial right-to-work (RTW) law by the State of Florida in 1943, followed subsequently by validating federal legislation as part of the Taft-Hartley Act of 1947 (29 U.S.C. Sections 141 et seq.), much controversy has been generated over the effects of such a law on the union movement. Twenty-three states presently have such legislation in one form or another (see Table 1), including Indiana, whose law applies only to school employees (Neal, 2010), and numerous studies have been performed to determine whether RTW laws have acted as a help or a hindrance to various aspects of unionism. Inquiry into the effects of RTW legislation has touched areas as diverse as membership levels, union services, strikes, union militancy, and wage levels (for a comprehensive review of right-to-work and its effects, see Moore, 1998, and Moore and Newman, 1985). However, no study has investigated its relationship to union satisfaction: Specifically, are union members in a right-to-work state more, or less, satisfied with the performance of their union than union members in a non-right-to-work state?

Over the past several decades, studies on union satisfaction have produced few significant results. However, research by Fiorito, Gallagher and Fukami (1988) provides a viable framework for analyzing union satisfaction, and in this study an attempt is made to apply its underlying theory to the right-to-work controversy. A current view shared by many in organized labor is that RTW laws are detrimental to the union movement. By not requiring all members of a bargaining unit to join the union, an erosion of solidarity and bargaining power occurs. Additionally, the existence of “free riders” in the system is generally thought to increase the organizing and maintenance costs of the union. Taking all of this into consideration, is it possible that union members could still be more satisfied with their union’s performance in a right-to-work state than in its “union-friendly” counterpart? Contemporary theory seems to indicate that the answer may be yes.

This paper attempts to show from a theoretical perspective how this scenario would likely occur, as well as present a balanced view of the relevant arguments, both pro and con. Through analysis of various hypotheses, it is hoped that an increased understanding of RTW laws in general, and union satisfaction in particular, will result.

### BACKGROUND ON THE RIGHT-TO-WORK DEBATE

Prior to the passage of the Taft-Hartley Act (also known as the Labor Management Relations Act), employers and unions could lawfully agree to various forms of union security. A union security agreement is essentially a provision of the union contract that describes the obligations of the employees to support the union. Throughout labor’s history, these agreements have been highly valued by organized labor and effectively despised by employers. To a degree, they represent a tool of preservation to unions, and typically have existed in the following forms:

1. Closed Shop – Makes union membership a pre-condition of hiring, and continued employment subject to retaining that membership.
2. Union Shop – Allows non-members to be hired as long as they become members within a specified time frame, usually 30 or 60 days.
3. Preferential Shop (or Union Shop with Preferential Hiring) – Specifies that union members be given precedence over other applicants for job vacancies. In some occupations, such as longshore, shipping and construction, where job assignments are allocated through a hiring hall, preferential hiring may amount to a closed shop.
4. Agency Shop – Allows non-members to be hired without joining the union as long as he or she pays the equivalent of initiation fees and periodic dues.

5. Maintenance of Membership – Requires that all employees whose dues are being deducted from earnings at the time the agreement takes effect shall continue to have dues deducted for the duration of the agreement and that dues shall be deducted from the earnings of all employees who are hired on or after the effective date of the agreement (Hansen, Jackson and Miller, 1982: 122).

**TABLE 1****State Right-to-Work Laws, as of January 1, 2010**

STATE	YEAR CONSTITUTIONAL AMENDMENT ADOPTED	YEAR STATUTE ENACTED
Alabama		1953
Arizona	1946	1947
Arkansas	1944	1947
Florida	1944	1943
Georgia		1947
Idaho		1985
Indiana		1956-1965 (repealed) 1995 (school employees)
Iowa		1947
Kansas	1958	1975
Louisiana		1976
Mississippi	1960	1954
Nebraska	1946	1947
Nevada	1952	1951
North Carolina		1947
North Dakota	1948	1947
Oklahoma	2001	2001
South Carolina		1954
South Dakota	1946	1947
Tennessee		1947
Texas		1993
Utah		1955
Virginia		1947
Wyoming		1963

Source: Employment Standards Administration/U.S. Department of Labor

Of course, the absence of any form of union security agreement is referred to as an “open shop,” signifying that any worker is eligible for hire, whether a union member or not. (The terms “closed shop” and “open shop” were coined by the National Association of Manufacturers during its 1903 convention, to differentiate among employers who “closed off” hiring to only union members, and those who “opened up” the hiring process to all workers. The open shop was an important plank in its labor platform during the coming election year (Shott, 1956: 12).)

It is the ideology behind the union security agreement that is at the heart of the right-to-work debate. How much authority does the federal government grant to unions that would allow them to compel membership? Under Taft-Hartley, Congress outlawed in its entirety the closed shop form of union security. However, the union shop and other derivative forms are sanctioned in sections 8(a)(3) and

8(b)(2), subject to clearly defined specifications (Keller, 1956:17). The controversy over right-to-work stems from section 14(b), which expressly affirms the right of each state (and/or territory) to prohibit compulsory unionism (and thus create the right to work):

Nothing in this Act shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law (29 U.S.C. Section 164).

Thus, in states where some form of right-to-work has been passed, section 14(b) allows state law to control over federal law regarding sections 8(a)(3) and 8(b)(2), and

compulsory unionism will be banned to the degree specified by state law. In actuality, section 14(b) merely validates judicial construction of the National Labor Relations (Wagner) Act (29 U.S.C. Sections 151 et seq.). The U. S. Supreme Court had long held prior to 1947 that sections 8(3) and 10(a) permitted the states to declare compulsory union agreements invalid; section 14(b) simply restated this principle as statutory law (Keller, 1956:18).

As one might expect, the union movement has never embraced the concept of 14(b). Many in the union camp called right-to-work laws a “campaign for the weakening of trade unions” (Shott, 1956: 1). Other comments referred to RTW as “part of an overall anti-union package” (American Federation of Labor and Congress of Industrial Organizations, 1958: 27), a “device which can be used to harass unions” (AFL and CIO: 37), and “the handiwork of reactionary employers....” (United Steelworkers of America, 1958: 7). As suggested by these comments, the debate is an emotional one. While proponents of right-to-work speak in terms of freedom of choice and freedom of association, unions counter with the “free-rider” problem: The inherent unfairness of allowing non-members to receive the benefits of union membership without having to join the union, at the expense of their fellow workers who do belong to the union.

This problem arises in a right-to-work state where the open shop controls. Workers will be hired and, in a unionized workplace, will decide on whether to join the union. Under federal law (the Wagner Act), the union will be the exclusive bargaining agent for the entire bargaining unit, members and non-members alike. Whatever union wages and benefits are negotiated for the bargaining unit will apply to all employees. Those who do not join the union will receive the same benefits as those who do, even though they pay no initiation fees or dues.

Unions firmly believe that all employees should pay a proportionate share of the union’s costs in negotiating benefits that will be received by all, and those who don’t pay are shirking their responsibilities. The emotion of the issue is reflected in a United Steelworkers of America booklet, which pointed out that free riders “may be said to indulge in a working class variety of tax dodging” (United Steelworkers of America, 1958: 28, quoting Myers, 1943).

Following the passage of Taft-Hartley in 1947, a flurry of activity occurred as states acted on section 14(b), creating right-to-work status through either statutory enactment or constitutional amendment, or both. Currently all of the states in the Deep South and a number of states in the Midwest, Rocky Mountain and Plains areas have right-to-work laws, while the typically pro-union Northeastern region has none. While activity in the right-to-work arena was minimal during the 1990s, the previous decade has brought the topic back to the forefront of the labor movement. Oklahoma joined the ranks of RTW states in 2001, the first state to enact such legislation since Texas in 1993. Both the Oklahoma statute and constitutional amendment (also enacted in 2001) were immediately

challenged by local labor unions, with the Oklahoma Supreme Court upholding both laws in December of 2003 (National Right to Work Legal Defense Foundation, 2004). The judicial support of the RTW laws created momentum in other parts of the country, including Pennsylvania, Indiana, Missouri and Michigan. Currently, right-to-work legislation has been proposed in 2010 in Indiana (House Bill 1011), where right-to-work had been repealed in 1965 following nine years of coverage (Bauer, 2010). In Pennsylvania, several bills (including House Bill 50) dealing with right-to-work were proposed in 2009, and are currently being considered by the House Committee on Labor Relations (Deyo, 2010; Boehm, 2010). It is important to note that much of the current state activity is being conducted in the pro-union northeastern region of the United States, where RTW legislation has been rare. Conversely, it is interesting to note that in Colorado, where the Rocky Mountain region has been friendlier to RTW proponents, a right-to-work proposal was soundly defeated in 2008 (Rosa, 2008).

While right-to-work activity has predominantly been at the state level throughout its history, there is current interest at the national level (National Right to Work Committee, 2010). House Bill H.R. 4107, the National Right-to-Work Act, was introduced in Congress in November of 2009, and at present has been referred to a House Subcommittee for consideration. The NRTWA would amend both the National Labor Relations (Wagner) Act and the Railway Labor Act by repealing those provisions that permit employers to require employees to join a union as a condition of employment. If passed, this would represent the first significant changes to U.S. labor law in over fifty years.

## EFFECTS OF RIGHT-TO-WORK LAWS

Research involving right-to-work laws and their implications for unionization has become increasingly sophisticated over the years. Early studies involving the RTW issue were primarily theoretical or impressionistic in nature and evoked widely varying opinions. Inquiry by Meyers (1955) reached the conclusion that a right-to-work statute was purely symbolic in nature, and created minimal effect upon the extent of unionization (see also Kuhlman, 1955; Witney, 1958).

That claim was rebutted by Kuhn (1961), who surmised that RTW laws created a substantial obstruction to union growth and strength, but could find no tangible evidence (1961: 594). Glasgow (1967), in turn, pointed out that the bulk of evidence suggests that unions existing in an RTW state should experience a significant decrease in membership, as well as a decline in union income and an increase in per-member union service costs.

In the mid-1970’s, the controversy developed an empirical nature, encompassing debate not only as to the effects of RTW laws, but also to the analytical procedures used. Research tended to focus on the consequences of RTW laws in areas such as membership levels, wages, the

union-nonunion wage differential, union militancy, strikes, and organizing success. The first three items are of particular importance to this study, which is loosely based on the concept of demand and supply of union services.

### Membership Level Effects

In the initial studies regarding the effects of RTW laws on union membership levels, empirical models often utilized demand and supply analysis, relating membership levels to various independent variables that should influence the demand for ( $U_d$ ) or supply of ( $U_s$ ) union services (see Ashenfelter and Pencavel, 1969; Pencavel, 1971; see also Moore and Newman, 1985). As an example:

$$U_d = U_d(p, w, d, np, t) \\ U_s = U_s(p, c, g)$$

Where,

$p$  = Price of membership

$w$  = Wage rate (proxy for wealth)

$d$  = Union/nonunion wage differential

$np$  = Nonpecuniary union benefits (e.g., risk of accident)

$t$  = Tastes and preferences

$c$  = Costs of organizing/providing services

$g$  = Goals of the union (e.g., maximizing income, maximizing membership levels)

The extent of unionism ( $U$ ) will be determined by finding the equilibrium between the demand for and the supply of union services:

$$U = U_d = U_s$$

In using such a model (which assumes an RTW variable to be exogenous to the system), Lumsden and Peterson (1975) concluded that although a right-to-work state typically had a smaller percentage of the work force unionized, this was due to the tastes and preferences of the population, and not an effect of the RTW law. The so-called "taste hypothesis" suggests that RTW laws do not have an independent effect on  $U_d$ ,  $U_s$ , or  $U$ , but simply represent underlying hostile attitudes, which are responsible for any decrease in the equilibrium level of unionism. Right-to-work status is essentially symbolic in nature, and generally is found only in states where anti-union sentiment exists.

Similar results (i.e., a negative correlation between union membership and RTW status) have been obtained in other studies, but the interpretation of such results has varied. Moore and Newman (1975), Wessels (1981) and Farber (1984) agreed with the Lumsden-Peterson conclusion that the effects of the RTW laws appear to be insignificant, essentially a reflection for the "tastes" of unionism, but Warren and Strauss (1979) perceived the negative

correlation to indicate that a significant effect upon membership does indeed exist. Their reasoning suggests that RTW laws create a free-rider problem (thus the "free-rider hypothesis") by allowing nonunion members to avail themselves of union services, thereby increasing union organizing and maintenance costs. Such an increase (reflected in the equation through the cost variable) would have the effect of restraining the supply of union services, thus decreasing the equilibrium level of unionism (see also Zax and Ichniowski, 1991; Chaison and Dhavale, 1992; Davis and Huston, 1993; and Sobel, 1995, for further support of the free-rider hypothesis).

The inconsistency in the interpretation of the above finding was addressed by Wessels (1981), Farber (1984), and Moore and Newman (1985) as a flaw in the single equation model. Citing research by Palomba and Palomba (1971), Moore and Newman pointed out that bias exists in the form of reverse causality: The extent of unionism is as likely to be a factor in the passage of an RTW law as an RTW law is likely to affect the extent of unionism (see also Moore, Newman and Thomas, 1974). Put another way, highly unionized states are less likely to pass right-to-work legislation than lightly-unionized states. To compensate for such bias, it is necessary to estimate a simultaneous equations model that includes both union membership and RTW status as endogenous variables.

Where such an adjustment has been made, the RTW variable generally will no longer have a significant effect upon union membership (Moore and Newman, 1985; Farber, 1984; and Wessels, 1981). However, it is interesting to note that even with simultaneous equations, Warren and Strauss (1979) still obtained a significant effect in the relationship.

A third explanation, the "bargaining power hypothesis," suggests that by preventing unions from requiring universal membership, RTW laws directly weaken the bargaining power of unions (Moore and Newman, 1985: 574-575). In other words, diminished bargaining power leads to diminished benefits; diminished benefits dampen workers' attraction to unionism, thereby decreasing the equilibrium level of unionism (with the RTW effect evident in the union-nonunion wage differential).

The three hypotheses outlined above reflect the complexity of right-to-work issue (see, e.g., Moore, 1998: 449-450). Under the taste hypothesis, repeal of section 14(b) would have no significant effect on union membership in right-to-work states. Under both the free-rider and bargaining power hypotheses, a repeal of 14(b) would lead to an increase in union membership, while an expansion of 14(b) would decrease union membership (Delaney, 1998: 429). This is in part responsible for the wide variation in findings that have occurred over the past thirty years (see Table 2 for a comprehensive summary), and is also indicative of the frustration that has resulted from unanswered questions.

TABLE 2

**Effect of Right-to-Work Laws on Membership**

STUDY	EFFECT OF RTW LAW	RATIONALE
Lumsden & Peterson, 1975	No Effect	Taste Hypothesis makes RTW symbolic
Moore & Newman, 1975	No Effect	Taste Hypothesis makes RTW symbolic
Wessels, 1981	No Effect	Taste Hypothesis makes RTW symbolic
Farber, 1984	No Effect	Taste Hypothesis makes RTW symbolic
Warren & Strauss, 1979	Negative Effect	Due to Free Rider Hypothesis
Moore & Newman, 1985	Negative Effect	Due to Bargaining Power Hypothesis

**Wage Effects**

Similar analyses, utilizing the various hypotheses, have been applied to test other RTW effects, such as the relationship between RTW laws and union wages; significance generally depends upon whether the RTW variable is treated endogenously or exogenously. Using an exogenous interpretation, Carroll (1983) found that RTW status had a significant negative effect upon union wages, attributing it to a lower equilibrium level of unionization and subsequent weaker union bargaining power (bargaining power hypothesis). Moore (1980) similarly treated RTW status exogenously, but upon finding union wages to be lower in a right-to-work state, qualified his conclusion by noting that reverse causality could be present (i.e., states with less unionization and thus lower wages may be more likely to pass RTW legislation). Wessels (1981), in using both exogenous and endogenous treatments, found RTW status to cause wages to be significantly lower in the former model, and yet lose its influence on wages in the latter model. Other research of note in this area would include Farber, 1984 (both taste and free-rider hypotheses led to union wage premiums in RTW states); Garofalo and Malhotra, 1992 (RTW laws had a large, significant, negative effect on average wages, due to productivity effects); Hundley, 1993 (no significant effect on union nor nonunion wages in the public sector); Mishel, 2001 (average wages were 6-8 percent lower in a RTW state); and Kendrick, 2001, Reed, 2003, and Greer, 2004 (wages tended to be significantly higher in an RTW state). As previously noted, theory is mixed as to how RTW laws affect wages (see

Table 3 for a comprehensive summary). A general conclusion is that RTW laws have no lasting impact on union wages, nonunion wages, or average wages in either the public sector or the private sector (Moore, 1998).

**Wage Premium Effects**

Regarding the union-nonunion wage differential, research has seemed to indicate a positive relationship between RTW status and the union wage premium. Farber (1984) found the premium to be higher in right-to-work states, basing his analysis upon both the free-rider hypothesis and the taste hypothesis. Under the former, the presence of free riders constrains the supply of union jobs, creating a higher equilibrium price of unionization and a lower equilibrium extent of unionization. This in turn raises the equilibrium level of unionization advantage, and increases the wage premium to the extent that it can be measured by the union-nonunion wage differential. Under the taste hypothesis, a decreased perception of union benefits constrains demand for union representation, while the relative supply of union jobs remains stable. Such a scenario, complete with lower equilibrium levels of price and amount of unionization, implies that for those employees who do join a union, there must be pecuniary advantages sufficient to outweigh nonpecuniary disadvantages, and to the extent this difference can be measured by a union wage premium, such premium will be greater in an RTW state. In addition to Farber, Moore (1980) also studied wage premium effects with much the same results.

**TABLE 3****Effect of Right-to-Work Laws on Wages**

<b>STUDY</b>	<b>EFFECT OF RTW LAW</b>	<b>ANALYSIS</b>
Carroll, 1983	Negative Effect	Based on Bargaining Power Hypothesis
Moore, 1980	Negative Effect	Possibly affected by reverse causality
Wessels, 1981	Negative Effect (as exogenous)/No Effect (as endogenous)	Used a measure of job satisfaction
Farber, 1984	Positive Effect	Based on Taste and Free-Rider Hypotheses
Garofalo & Malhotra, 1992	Negative Effect	Based on Free-Rider Hypothesis
Hundley, 1993	No Effect	Focused only on public sector
Mishel, 2001	Negative Effect	Findings dependent on model used
Kendrick, 2001	Positive Effect	Affected by higher taxes in non-RTW states
Reed, 2003	Positive Effect	Controls for state economic conditions
Greer, 2004	Positive Effect	n/a

**Miscellaneous Effects**

The idea of providing a more valuable service to convert and hold free riders is developed by Bennett and Johnson (1980), who base a unique theoretical analysis upon property rights: Both union “owners” (union members) and union “managers” (union officers) are assumed to maximize utility, thereby providing better and more efficient service to the individual worker in an RTW state than that provided in a non-RTW state, where the level of utility remains constant relative to the actions of the two parties. Reid and Faith (1987) further the concept with their conclusion that unions in RTW states reward members more currently and more equally at the expense of seniority (which typically is a stronger basis for rewards in a non-RTW state). This is done to counter members’ dissatisfaction which could otherwise be cured by disaffiliation from the union. Both studies coincide with Galloway’s theory (1966) that unions have to “sell” their services more so in an RTW state than in a non-RTW state due to the fact that the workers are not required to join the union. In doing so, they make the offer to join more attractive by trading off employment gains for higher wage demands.

The studies involving the concept of utility maximization have important implications for research on the concept of union satisfaction. The implication that unions must constantly sell themselves in order to counter the readily available “exit” option also implies that they must be more responsive to “voice.” (For a comprehensive

view of exit and voice, see Freeman and Medoff, 1984).

The implementation of the utility maximization concept may prevent oligarchical union tendencies that may exist in the non-RTW setting and enhance what Crouch terms “representational rationality” (1982: 170). Where it is necessary for unions to utilize extra “effort” to attract and retain members, as seems to be the case in RTW states, a reasonable expectation is a higher level of union member satisfaction with their unions when compared to their counterparts in non-RTW states. By analyzing the principal determining factors of union satisfaction, an attempt will be made to examine the dependency of union satisfaction upon the existence of a right-to-work law.

**MEASUREMENT OF UNION SATISFACTION**

The concept of union satisfaction has been dealt with empirically in relatively few instances. An extensive study by Glick, Mirvis and Harder (1977) investigated the satisfaction of unionized engineers by correlating six categories of independent measures with a multiple-item index of overall union satisfaction. The effort found a relationship between union satisfaction and member assessment of the quality of the union’s relationship with its members, as well as member perceptions of the union leader’s ability to deal with management.

A subsequent study by Fiorito, Gallagher and Fukami (1988) focused on the concept of satisfaction as a function of discrepancies between expectations and perceived outcomes,

an approach that serves as the basis of much research in the field of job satisfaction. Using a model based on overall union satisfaction and its connection to the above-mentioned discrepancies in the facets of bread-and-butter issues, member-union relations issues, and quality of work issues, a statistically significant relationship was found for the first two items. The quality of work facet proved to be of little importance.

A study along similar lines by Jarley, Kuruvilla and Casteel (1990) and later replicated to a degree by Kuruvilla and Frenkel (1997) and Frenkel and Kuruvilla (1999) eschewed a facet discrepancy model of overall union satisfaction in favor of an instrument which directly measured satisfaction with union representation in various areas, to be used as a predictor of the overall level of satisfaction. In addition to the three areas studied by Fiorito et al., a fourth area entitled General Attitude Toward Unions was utilized (based on a supplemental finding in the Fiorito et al. study). Results of the study largely paralleled the findings of Fiorito et al., with the exception that quality of work life proved to be significant in one of the two samples observed. In both studies, member-union relations proved to exhibit the greatest effect on overall union satisfaction.

#### **ARGUMENTS FOR A POSITIVE RTW LAW EFFECT ON UNION SATISFACTION**

The results of research on the effects of RTW laws, as well as research on the measurement of union satisfaction, seem to suggest a potential relationship between the existence of an RTW law in a given state and the level of union satisfaction held by the union workers of that state. Several arguments have been formulated to support this proposition. First, one may deliberate the importance of utility maximization in this scenario. Freedom of choice in how a worker spends his money is generally associated with greater utility. Traditional economic theory suggests that a worker will consume union services to the point of optimization, a level which is determined by his or her assessment of the pecuniary and nonpecuniary benefits received per dollar of dues. This situation is found in an RTW state where, as evidenced by the existence of the free rider, a worker can make a decision to join a union based upon how beneficial it will be for him to do so. However, in a non-RTW state and with a union shop clause, a worker has no such choice. In this employment,

...the coerced payment of dues lowers the discretionary income of the member and, when this occurs, the maximum level of utility or satisfaction attained by the member is always less than or, at best, equal to the maximum level of satisfaction attainable when the worker is not coerced to purchase a fixed quantity of union services. [F]rom the point of view of individual satisfaction, the bargaining unit member is always better-off or at

least as well-off in a right-to-work state where freedom of individual choice exists than in a non-right-to-work state where it does not (Bennett and Johnson, 1980).

A second argument focuses on the quality of representation provided by unions. Basing the analysis once again on utility maximization, it is noted that a union officer's pecuniary benefits are fixed, being dependent upon the number of members in the bargaining unit. In a non-RTW state, an increase in this number (as well as an increase in the union officer's pecuniary benefits) can only occur through an increase in the size of the bargaining unit, a variable that the officer does not control. However, Bennett and Johnson (1980) note that a degree of discretion exists over an officer's nonpecuniary benefits (defined by the authors as an amount paid from the difference between union revenues and operating costs). An officer in this situation could increase his nonpecuniary benefits by increasing dues or decreasing operating costs (in the form of services provided) to an extent that remained politically prudent. Such behavior would tend to result in the inefficient provision of union services.

Conversely, in an RTW state (where bargaining unit size is not fixed), a union officer can increase his pecuniary and nonpecuniary benefits by inducing nonmembers to join the union. This could be done by making union membership more attractive through either a reduction in dues or an increase in the services provided. It follows that strong incentives exist for the union officer to keep dues low and to provide a wide variety of services that appeal to a diverse group. Additionally, such services must be provided efficiently, lest increased operating costs force an increase in dues. Bennett and Johnson (1980) found little empirical support for the first two prognoses, but did find evidence that operating costs were lower in RTW states.

Finally, the union-nonunion wage differential will be cause for increased union satisfaction in an RTW state. As mentioned previously, Farber (1984) found that under either the free-rider hypothesis or the taste hypothesis, the union-nonunion wage differential appears to be greater in RTW states than in non-RTW states. Such can only lead one to infer that, from a wage standpoint, union members in RTW states may be more satisfied than their non-RTW counterparts.

#### **COUNTERARGUMENTS**

Arguments exist that oppose the hypothesis of a positive union satisfaction-RTW law relation, primarily focusing on the lack of bargaining power of a union in an RTW state. A primary argument made by those who oppose RTW laws is that weakened bargaining power results from the inability to require universal union membership. As such, expected benefits resulting from union membership would necessarily



be lower in a RTW state, with concurrently less satisfaction for union members.

A second argument, alluded to previously, is forwarded by Warren and Strauss (1979) and is based on the free-rider theory. It is their view that the existence of free-riders in an RTW state, by taking advantage of union services and benefits, will increase the associated costs to the point that the supply of such services and benefits will be reduced.

Finally, it may be argued that a trade-off exists in an RTW state between expending limited resources on bargaining for increased wages and benefits and expending those resources on organizing costs and other activities long term in nature. By focusing on the short-term strategy of attracting nonunion members by negotiating higher compensation packages, long-term union goals may be sacrificed along with the long-term satisfaction of its members.

### CONCLUSION

Right-to-work as an economic and legal issue is returning to relevance, as what had once been a dormant area of research is gradually moving back to the front page of politics, both state-wide and nationally. This increasing relevance has implications not only from the national policy perspective, but also from the perspective of the human resource function at the organizational level. With the growth of Progressive Human Resource Management (PHRM) over the past two decades (see, e.g., Fiorito and Maranto, 1987, Ichniowski, Delaney and Lewin, 1989, and Viswesvaran, Popejoy and Deshpande, 1992), non-union companies have used various tactics to develop worker satisfaction with the company itself. Such tactics, including flexible work schedules, participative decision-making, information sharing, and merit-based pay systems, have had the dual purposes of keeping workers satisfied with their jobs and discrediting any perceived benefit of unionization. Where it can be shown that union satisfaction is higher in RTW states, companies must rethink the effort and emphasis they are placing on PHRM programs, should it be insufficient to counter the efforts of organized labor.

The primary purpose of this article is to assess the current status of research in the area of right-to-work law effects, and to suggest avenues of future research. The fact that arguments exist for both a positive and negative effect for RTW laws on union satisfaction indicate this issue is ripe for more rigorous methods of analysis. As mentioned earlier, empirical studies are producing significant results and those in the field have a better understanding now of the relationships among the variables that have been studied over the past several decades. It is felt that past successful approaches to RTW effects such as the use of simultaneous equations to reflect the inherent reverse causality may be married to expectancy-based behavioral satisfaction measures such as those described by Fiorito, Gallagher, and Fukami (1988) and by Jarley, Kuruvilla and Casteel (1990).

By providing a framework for analyzing union satisfaction, national behavioral data bases of union studies may yield more definitive answers to the age-old question of how right-to-work laws affect the labor relations process, as well as the human resource function.

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