

**RATIONAL SELF-INTEREST, COST-BENEFIT
ANALYSIS, AND UNIONIZATION
CAMPAIGN SUPPORT**

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ABSTRACT

In his article, "The Rational Calculus of Union Organizing," Lawrence Haber argued that my "relative success" in collecting signed authorization cards from College of Business faculty members at Illinois State University during the 1999-2000 organizing drive should be attributed to "other emotional motives at work" as opposed "to faculty members' self-interest." While acknowledging the relevance of some of Haber's arguments, I defend the assertion outlined in my original article, arguing that the rational/calculation path based on a cost-benefit analysis is still appropriate to utilize for collecting authorization cards, while the emotional path must be invoked to obtain a union certification election victory. Furthermore, I contend that certain emotive issues can dramatically alter the rational calculus of union organizing. I conclude by arguing that Haber only considered cost-benefit analysis in the narrowest sense of representing individual rational self-interest as formulated by Olson.

In his article, "The Rational Calculus of Union Organizing," written in response to my earlier article [1], Lawrence Haber argued that my "relative success" in obtaining signed authorization cards from College of Business faculty members at Illinois State University (ISU) during the organizing drive held in 1999-2000 should not be attributed "to faculty members' self-interest" but rather to "other

emotional motives at work” [2, p. 327]. Basing his analysis on Mancur Olson’s *The Logic of Collective Action* [3], Haber stated that there are two major problems with persuading individual faculty members to vote in favor of union representation based merely on a cost-benefit analysis.

First, Haber claimed that because of the faculty’s relatively large size (approximately 680 members), an individual faculty member will “correctly perceive that his/her vote will only have a marginal effect” on the election’s outcome. Second, “and more importantly” according to Haber, if the unionization campaign results in union certification, individual faculty members will still attain the benefits of union membership even if they neither signed an authorization card nor voted for union representation. For “(t)he rational individual,” under such circumstances, he continued, “the *added* (incremental) benefit” of casting a vote in favor of the union is “essentially zero.” Moreover, if “any perceived incremental cost” exists, “perhaps in the form of possible retribution from the university administration,” the rational individual’s decision would be to refrain from backing unionization. Therefore, even if the benefits outweighed the costs of unionization for each individual bargaining unit member, there would be no “rational incentive” for any member to support unionization, and the campaign would be unsuccessful. Thus, Haber concluded that no “economically rational individual” would have an inducement to shoulder “any substantive cost” to back unionization even if each member “would substantially benefit” from a successful organizing campaign [2, pp. 326-327].

While I acknowledge that Haber made relevant points in his application of Olson’s paradigm to the union organizing campaign at ISU, I defend the contention made in my original article. Specifically, I argue that the rational/calculation path based on each faculty member’s invoking a cost-benefit analysis, as outlined in the Wheeler and McClendon model, is still appropriate to use in the collection of authorization cards, while the emotional path, the situation where “an individual experiences either a particular threat or a specific frustration generated by the employer with respect to the employee’s current employment conditions” (also described in the Wheeler and McClendon model) needs to be utilized to achieve a union victory in the certification election [1, p. 211]. Furthermore, I contend that even certain emotive issues have the capacity to alter the rational calculus of union organizing. Finally, I conclude this article by arguing that Haber only considered the use of cost-benefit analysis in the narrowest sense of representing individual rational self-interest as conceived by Olson.

Before proceeding, let me summarize Olson’s major argument. Prior to the appearance of *The Logic of Collective Action* [3], the assumption among social scientists was that it was normal for people who possess common interests to cooperate while pursuing their collective goals. The implicit view behind this assumption was that there was a straightforward, uncomplicated correspondence between individual and group interests; Olson, however, disagreed with this conjecture [4, pp. 272-273].

Economists have historically maintained that rational individuals would pay for collective goods (defined as goods that if given to one group member cannot be denied to any other member in the group, such as schools, roads, parks, etc.) only if they were required to do so through forced taxation. Olson generalized this contention to the pursuit of all group interests and goals. According to Olson, since a collective good's benefits cannot be denied to individuals refusing to participate in a collective action used to obtain a collective good, rational individuals are encouraged to "free ride" on the input of participating individuals. Moreover, he claimed that the larger the group, the greater the inclination to "free ride," since any individual's involvement in the collective action to achieve the benefits would be unlikely to make a visible change in the outcome. Thus, according to Olson, collective action would be viewed as "irrational" [4, p. 273].

Haber did a good job of applying one of Olson's basic principles to this particular unionization campaign. Utilizing his model, Haber made a cogent point when he stated that if there is any "*substantive cost to support unionization*" (my emphasis) on the part of the employee even if substantial benefits were to accrue from a potentially successful organizing drive, the "economically rational individual" would be unwilling to support the campaign [2, pp. 326-327]. This may have been a problem for the union in encouraging faculty to vigorously work on its behalf during the campaign but was not, for the most part, in my experience of collecting authorization cards.

First, it is necessary to distinguish between various forms of what it means to "support unionization" during a union organizing campaign. Generally speaking, there are three ways that employees can support unionization drives: 1) one can work for the union during the campaign; 2) one can sign an election authorization card; and 3) one can vote in favor of the union during the anonymous labor board certification election. For a union organizing drive to be successful, at least some employees must *actively* work for the union during the campaign (that is, become rank-and-file union organizers) and at least a significant minority (30 percent or more) must sign authorization cards before an election can be held. However, even if employees neither actively work for the union nor sign an authorization card, the union still wants these employees to vote for the union in the certification election.

As Haber correctly stated, and as I mentioned earlier in this article, any "perceived positive incremental cost, perhaps in the form of possible retribution from the university administration" will discourage employee support for unionization [2, p. 326]. Actively working for unionization by becoming a "public face" of the union certainly makes one potentially more vulnerable to "retribution from the university administration" [2, p. 326]. Thus, even though I collected authorization cards from 47.1 percent of the Management and Quantitative Methods; Marketing, and Finance, Insurance and Law departments [1, p. 217], I was the only union activist in these three departments, possibly, at least in part, for the

reason mentioned previously. While it is understandable that untenured assistant professors might be reluctant to get involved in this manner because they are the most vulnerable to possible reprisals, this was even true of at least some tenured associate and full professors who feared potential retribution.

I should mention that the administration did not launch any reprisals against me for my involvement in the organizing drive and, as far as I am aware, against any other ISU tenured/tenure-track faculty member for his/her campaign participation. While retribution is much more likely to occur in the private sector than in the public sector, which I experienced when I was fired for trying to organize a minimum-wage medical electronics factory in the Chicago metropolitan area in the 1980s [5, pp. 151-185], the possibility of payback still invokes fear in at least some faculty members at all academic ranks in organizing drives at public universities. For example, an untenured assistant professor active in an unsuccessful organizing campaign who is denied tenure because of his/her marginal academic record would no doubt speculate on whether participation in the drive might have been the decisive factor in leading to such a negative decision—especially if the majority of departmental faculty members did not support unionization.

This fear of retribution may have been one factor in minimizing the number of faculty members who were willing to actively work on behalf of the union. Having such a small number of core activists undoubtedly put the union at a distinct disadvantage in building support in a number of departments, ultimately resulting in the union's loss. Besides having a core of between 12 and 15 activists who performed much of the organizational work, another layer of supporters were willing to do *some* work within their colleges or departments. However, there were several departments in which we had supporters but did not have anyone performing work on the union's behalf.

Moreover, a number of faculty members who supported unionization were even afraid of possible university administration retribution for signing authorization cards. Several assistant professors, as well as tenured associate and full professors that I talked with did not want to sign cards because they believed that the university administration might find out. When I informed them that only I, the union staff, and the Illinois Educational Labor Relations Board would know who actually participated in this process, many of them signed cards at that time. Thus, once I removed this potential "substantive cost to support(ing) unionization," the rational individual who was in favor of unionization was willing to sign an authorization card.

Cost-benefit analysis also can be used to explain *why* the vast majority, 618 out of the approximately 680 faculty members, of the potential bargaining unit actually cast votes in the certification election. For faculty members who supported unionization, there was virtually no cost to participating in this anonymous election. Nobody would know that these individual faculty members had voted in favor of union representation unless they informed others of how they had

marked their ballots. For those who opposed unionization, voting in the board election was also a relatively cost-free activity in terms of time, money, and effort, especially with regard to the significant costs they believed would be imposed if collective bargaining representation prevailed.

As stated in my previous essay, the faculty anti-union group, the Faculty for Shared Governance (FSG), which emerged during the campaign, successfully utilized the emotional path by appealing to faculty members' fear that unionization would lead to resource standardization across university departments. Specifically, the FSG argued that collective bargaining would lead to faculty members forfeiting their autonomy in negotiating salary and course loads [1, p. 216]. Implicit in this argument was that resources would be redistributed from high-salary/high-resource departments to low-salary/low-resource departments. Once more, the results of the union certification vote were consistent with faculty members making their decisions based on a cost-benefit analysis with regard to their beliefs concerning how salaries and working conditions would change under collective bargaining, as indicated by a post-election study of bargaining unit members.

In a September 2000 survey conducted approximately six months after the vote by Abacus Associates for the National Education Association (NEA), the ISU Faculty Association's parent union, the NEA learned that 27 percent of the faculty made less than \$46,000 per year, 32 percent were paid between \$46,000 and \$59,999 per year, and 41 percent earned in excess of \$60,000 per year. Employing salary level as an approximate proxy for departmental membership, the survey revealed that union opponents were more likely to be earning over \$60,000 per year (that is, to come from high-salary/high-resource departments). The study also discovered that fine arts and liberal arts faculty members (low-salary/low-resource departmental faculty members) had a much greater chance of being union supporters. Last, the survey discovered that union backers were more likely to support pay equity across academic disciplines, or to restate it in other words, internal redistribution from high-salary faculty to low-salary faculty [6, p. 169]. Thus, high-salary/high-resource department faculty members were more likely to oppose unionization because they believed that they would lose resources under collective bargaining, while low-salary/low-resource department faculty members had a greater chance of supporting unionization because they felt that they would gain resources with union representation.

Consistent with a cost-benefit analysis methodology, faculty members who perceived that collective bargaining would impose major costs through restricting departmental autonomy and the independence to negotiate salaries and course loads were more likely to vote against union representation. As mentioned in my original article, the study revealed that 67 percent of union opponents thought that it was either extremely likely or very likely that if the union had achieved victory in the election, faculty members would sacrifice autonomy in negotiating salary and/or course loads. With regard to departments forfeiting autonomy, 63 percent

of union opponents perceived that such a result was either extremely likely or very likely to happen if the union was successful in the vote [1, pp. 218-219].

Moreover, certain emotive issues have the power to affect even strongly *anti-union* faculty members' cost-benefit calculations with regard to unionization. A number of union opponents informed me that they would vigorously support the union in an organizing drive if academic tenure were eliminated and/or seriously threatened. Such a perceived potential threat to a faculty member's job security would necessarily alter the individual's cost-benefit analysis equation. In fact, this is exactly what occurred at the University of Minnesota when the school's administration and the university regents sought to weaken the tenure code through a number of revisions. A unionization campaign occurred, although the union was defeated in an extremely close vote [7].

Finally, rational self-interest in Olson's model, as supported by Haber, is so narrowly conceived that it should not be considered as being inherently synonymous with cost-benefit analysis. When we take rational participants' self-interest to its logical conclusion, such as when we examine the behavior of firms in a competitive market, Olson's model runs into immediate problems. For example, if these companies engaged in collective action or cooperated, they would be able to keep prices elevated by limiting output. This would lead to the companies as a whole being able to obtain higher profits. Under such a scenario, this strategy would be rational from a collective viewpoint. However, a small firm operating in such a market would deem that it could increase its production without negatively affecting overall price levels. Defecting from the group would be an optimal strategy for this individual firm because it could obtain a larger market share and higher profits. Other companies would be unaware of this firm's behavior because the market price remains the same. Thus, it is in the interest of this small company to "free ride," that is, to not cooperate with the other firms [8, p. 9].

Nevertheless, according to Olson's paradigm, not just one single company but every rational participant, that is, each firm, would be tempted to "free ride" in the same manner. This means that in the competitive market as outlined above, all firms would increase production until market price decreased to the perfectly competitive level, thus leading each firm to make zero profit. This, no doubt, is a suboptimal outcome for all of the companies involved [8, p. 9]. Thus, behavior that appears to be consistent with individual rational self-interest when engaged in by one company becomes irrational when engaged in by all firms.

In concluding his article, Haber stated, "Devinatz is to be commended for the success of his tactics in trying to organize his colleagues in the College of Business at Illinois State. To obtain a near majority in a traditionally conservative, anti-union environment is no small accomplishment" [2, p. 327]. I do appreciate Haber's support and generous comments with regard to my union-organizing efforts. However, I believe that the majority of university faculty members *do* make their decisions on whether to support unionization based on their perceived rational self-interest while utilizing a cost-benefit analysis. However,

the cost-benefit analysis equation they use is necessarily much broader and more comprehensive than that connected with purely *individual* rational self-interest as formulated by Olson.

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