



Unions and Manufacturing: A Team Effort

How manufacturers and unions can work
together to achieve compliance



Introduction

The promise of labor unions centers on collaboration: the coming together of working people to improve conditions in the workplace. From higher wages and improved benefits to consistent scheduling, job security, and a safe working environment, labor unions have won important victories for workers — victories that have fundamentally changed the labor market in the U.S.

With rapidly changing technology and a competitive global marketplace, manufacturers and their workforces are facing increasing pressure on productivity and profitability. Unions can play a critical role in helping manufacturers develop and support a workforce that's ready to meet today's customer and market demands. By working together, they can improve compliance with labor agreements, ease the transition to new technologies, and build a climate of trust that contributes to a healthy bottom line.

The role of unions

Union membership in the U.S. in 2018 represented 10.5 percent of the workforce, with 14.7 million wage and salary workers belonging to labor unions.¹ Union membership in the manufacturing sector is even higher, with workers at more than half of the companies on Industry Week's 50 Best U.S. Manufacturers claiming union membership.²

Unions employ collective bargaining to tailor an agreement governing the employment relationship with their industry or enterprise. Collective bargaining allows parties to solve problems that may be specific to their industry or workplace, and it creates a written legal contract between an employer and organized labor.

Companies must prepare for union negotiations and may need to train managers and labor relations specialists for this task. Companies typically bargain with unions on hours and schedules, wages, vacation time, benefits like insurance, and safety practices, as well as on how operational decisions, such as relocation, the introduction of new technologies and processes, or the use of subcontractors, will affect employees.

In addition to these responsibilities, unions work to ensure that employers are held accountable for creating a safe working environment for their employees. More than 4,800 workers are killed on the job every year. An estimated 50,000 to 60,000 more die of occupational diseases each year, and the estimated number of work-related injuries and illnesses exceeds 7 million.³

Challenges of union compliance

Working with union contracts adds a layer of complexity to managing your workforce, beyond even what state or federal employment laws dictate. This is especially true for companies whose workforces include multiple unions and collective bargaining agreements. Organizations not only have to comply with over 180 federal and state employment laws that cover wages, overtime, minimum wage, FLSA, FMLA, safety benefits, and more, but they must also comply with each union's collective bargaining agreement.

With a unionized workforce, contract considerations regarding seniority, skills, and schedules may have to be taken into account. For example, whether unionized employees are promoted may be dependent on factors such as their seniority rather than simply an employee's performance or the employer's decision.

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Make sure data is working for you

In this complex environment, having access to accurate, timely employee information is critically important. Without it, you can't be sure whether you're in compliance with collective bargaining agreements.

Not having access to this data could become a liability for your organization. Both managers and employees become frustrated when they can't get the information they need. Employees can't be sure they're being treated fairly. For managers, tasks like controlling overtime and managing scheduling become nearly impossible. And as wage and hour regulations and collective bargaining agreements grow more complex, the risk of violations, grievances, and lawsuits against the company continues to rise. Formal complaints by employees or unions that management has violated part of the contract can lead to costly, time-consuming consequences for manufacturers.



How HR can help

In the absence of unions, human resources (HR) departments develop policies related to hiring, compensation, and benefits based on their research and management's determination of business needs. HR and line managers can interact directly with individual employees to resolve grievances and performance issues.

When workers unionize, management must work through the union representatives to determine policies and, in some cases, to resolve grievances. Further complicating the picture, it's very common for manufacturing organizations to have multiple unions, requiring them to adhere to multiple bargaining agreements.

In addition to bargaining over wages, benefits, and working conditions, HR must be prepared to handle employee grievances as well. When conflicts arise, individuals or small groups of employees covered by the union have a right to work directly with management to resolve the conflict or grievance, but their actions must remain consistent with the collective bargaining agreement. It's common for a union representative to be included in discussions.

HR also has a role to play in the collection of union dues. Many collective bargaining agreements allow employees to indicate that they'd like to pay their union dues from their paycheck, making HR and payroll departments accountable for ensuring that the deductions are administered correctly.

With five unions, compliance is a major concern for Appvion. Each of the manufacturer's union contracts has complex policies, including a wage table that outlines different pay for different jobs, call-in pay rates, trading of shifts, and working on scheduled days off. Appvion uses UKG™ solutions to accurately manage its complex union contract policies.

All policies are built into the UKG solution, making compliance with union agreements easier. Where it used to take Appvion five to 10 minutes per employee to manually calculate regular pay, overtime, and shift differentials, the company now can do it in minutes for an entire location with UKG.

Are you at risk of noncompliance?

While every organization faces the risk of labor compliance violations, some are at greater risk than others. Complex pay rules and union policies are labor-intensive to manage and prone to costly errors. Add the potential for multiple geographic locations — with varied international, state/provincial, and local regulations — and many manufacturers have difficulty ensuring the accuracy of employee information. The U.S. Department of Labor (DOL) found wage violations in 79 percent of its agency-initiated investigations in fiscal year 2015 — up from 21 percent in fiscal year 2009.⁴ In 2018, the agency's wage and hour division recovered a record \$304 million in wages owed to workers.⁵

One of the riskiest business practices that can expose your organization to wage and hour claims and union grievances is the presence of analog or manual systems for managing employee time and pay policies. Outdated systems for tracking and totaling hours worked and for calculating pay and overtime tend to lead to inaccuracies. Manual systems can result in human error and may lack key records or audit trails, which are critical for defense against wage and hour claims.

Creating schedules manually is tedious and error-prone and can lead to inaccuracies and problems like not having the right people on the line at the right time or scheduling a worker who has already worked too many hours and should not be scheduled. The shift bidding, scheduling, and seniority rules outlined in collective bargaining agreements might not be adhered to. When people manually document what they are doing, there's no consistency or control to ensure that the data represents the truth. In a manual environment, supervisors can overwrite employee reporting to prevent overtime — regardless of whether or not an error was intentional.

Manufacturers concerned about compliance should ask themselves the following questions:

- How do you manage compliance today? Is your entire organization aware of the various compliance policies?
- Are policies applied consistently across your organization?
- How do you track hours so you know when to pay overtime?
- Is your wage and hour data accessible in case of an audit?
- Are you paying earned overtime correctly?
- Are you following the terms of each union contract?
- Are you creating a schedule that will help minimize fatigue?
- Are you scheduling the most qualified person for the job while adhering to union, HR, and other organizational policies?

Organizations can have good labor compliance policies, but if they fail to enforce them, they could be at risk. Policies must be applied and enforced accurately and consistently across the entire organization — in every department, division, and location.

For Daimler Trucks North America, working with UKG allows the manufacturer to negotiate more effectively with the six unions that workers belong to. The information that is pulled from its UKG solution is viewed as a true source by employees and management and allows the company and unions to negotiate overtime and staffing levels.

Workforce technology can enable union compliance and collaboration

Efficient compliance management and improved operational performance are possible for manufacturers that implement the right workforce technologies. With effective solutions in place, manufacturers can minimize compliance risk through automation, centralization, and consistency of their labor policies.

With automation, you can eliminate potential errors in pay-rate calculations, including overtime, and prevent costly mistakes and overpayments. Scheduling is enhanced with automatic alerts that notify managers when employees lack the certifications for specific jobs and tasks. Compliance with union contracts is made easier by a solution that automatically enforces union work and scheduling rules and accurately tracks policy, performance, and safety infractions. Other benefits of workforce technology include:

- The ability to provide employees with accurate, transparent payroll information
- Employee self-service that helps you boost morale by allowing employees to input their own schedule preferences, review PTO balances, and request time off
- Streamlined compliance with national and local wage and hour laws and absence regulations
- Rules-based calculations, audit trails, and reporting built in to help ensure that the system works consistently
- Automated processes for time capture, tracking, and attestation that help maintain accurate records
- The ability to access accurate, current data by tracking training compliance, skills, and certifications through employee profiles

Minimizing workforce disruptions

Workforce technologies for the modern manufacturing workforce deliver tools for managing union compliance and handling grievances. By providing easy access to detailed labor data, these solutions facilitate the fair enforcement of union agreements and generate complete audit trails that provide support in the event of a grievance. The technology also helps minimize the occurrence of work stoppages by automatically applying scheduling practices that incorporate complex seniority and shift rules to satisfy union requirements and worker preferences and by facilitating equitable access to overtime through accurate timekeeping and automated scheduling. Policies are enforced accurately and consistently, and employees know they are being treated fairly.

Collaborating for better change management

Initiating and implementing new workforce technologies within a unionized organization can be a challenge. Fear of job loss, added to unions' protective stance in regard to employee rights, can result in unions looking closely at employer-initiated changes that affect workers and responding with resistance. When unions and employers work together throughout the change management process, they can more effectively counter this kind of response.

Manufacturers seeking to implement new workforce technologies should ensure that union representatives are aware of the proposed changes, briefed on the reasons for the changes, and encouraged to communicate the changes directly to the workforce. Unions make an effort to be regarded by members as trusted sources of information, so creating a more transparent environment will pay dividends for your change management process.

Conclusion

By leveraging technology, manufacturing organizations can improve collaboration and compliance with labor unions. Engaging and collaborating with employees throughout this process can make it easier to manage compliance. When collaboration includes opportunities to increase employee engagement, a climate of trust will grow.

Effective strategies, backed by automated processes and data analytics, can help minimize the risk of costly penalties, lawsuits, and grievances due to noncompliance. The right workforce technology is key to helping manufacturers abide by the rules and regulations stipulated by collective bargaining agreements. When manufacturers and union leaders seize opportunities to collaborate, positive outcomes will increase during labor negotiations.

Learn more at ukg.com/manufacturing or call **1 800 225 1561**.



About UKG

At UKG (Ultimate Kronos Group), our purpose is people™. Built from a merger that created one of the largest cloud companies in the world, UKG believes organizations succeed when they focus on their people. As a leading global provider of HCM, payroll, HR service delivery, and workforce management solutions, UKG delivers award-winning Pro, Dimensions, and Ready solutions to help tens of thousands of organizations across geographies and in every industry drive better business outcomes, improve HR effectiveness, streamline the payroll process, and help make work a better, more connected experience for everyone. UKG has more than 12,000 employees around the globe and is known for an inclusive workplace culture. The company has earned numerous awards for culture, products, and services, including consecutive years on Fortune's *100 Best Companies to Work For* list. To learn more, visit ukg.com.

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Our purpose is people

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