

SHRM Employee and Labor Relations

Module 1: The Evolution of Employee and Labor Relations



Course Introduction

Employee and Labor Relations: Modern Perspectives in the Workplace

The modern workplace is more complex, connected, and dynamic than ever before. The boundaries between work and life, employer and employee, and even human and technology have blurred. Within that complexity lies the core mission of employee and labor relations: building trust, fairness, and voice at work.

This course examines how organizations and employees interact within legal, ethical, and strategic frameworks that define the employment relationship. Students will explore the evolution of labor relations from the industrial era to the digital age, analyze the laws and systems that shape employee rights, and apply modern HR strategies for engagement, conflict resolution, and organizational justice.

By understanding both historical context and emerging trends, such as artificial intelligence, the gig economy, and global supply chains, students will develop the insight needed to navigate complex workplace challenges with fairness, empathy, and strategic foresight.

Overall Course Learning Outcomes

Upon successful completion of this course, students will be able to:

1. Explain the historical evolution of labor and employee relations and its influence on contemporary workplace practices.
2. Interpret and apply key labor and employment laws, including the National Labor Relations Act, Fair Labor Standards Act, and relevant state or international regulations.
3. Analyze employee rights and employer responsibilities, including privacy, due process, and workplace ethics.
4. Evaluate union structures and collective bargaining processes, including organizing efforts, contract negotiation, and grievance resolution.
5. Apply conflict resolution and alternative dispute resolution (ADR) techniques to manage workplace issues constructively.
6. Assess employee engagement, voice, and trust-building strategies in both unionized and nonunion settings.
7. Identify ethical and justice-based approaches to decision-making that promote fairness, inclusion, and accountability.
8. Compare labor relations systems across global contexts and assess their implications for multinational organizations.
9. Examine the impact of technology, automation, and the gig economy on worker rights, labor law, and HR policy.
10. Develop a strategic employee and labor relations plan that integrates compliance, culture, and organizational performance objectives.



Time: 10 minutes

Running time: 10 minutes

Objective: Introduce people, the class, and the topic.

Description: Introduction to the topic and students.

Instructional Method: Lecture/ice breaker

Script:

This chapter explores how work in the United States has evolved from gritty factory floors to today's complex, tech-driven workplaces. Students will explore the major laws, labor movements, and historical turning points that shaped the modern employment relationship. The chapter also highlights how industrialization, globalization, and digital transformation have reshaped expectations on both sides of the labor-management divide, setting the stage for the issues organizations face today.

The story of employee and labor relations is an incredible tale of how work itself has evolved, from backbreaking industrial labor with no rules to protect employees, to hybrid work and digital platforms. Each generation of workers has renegotiated what fairness means. Early factory workers fought for basic safety and fair pay, while today's professionals demand flexibility, purpose, and a sense of safety. The relationship between employees and employers has never been static; it is constantly redefined by technology, economics, and social change. This chapter explores how the modern workplace emerged from centuries of tension, progress, and negotiation.

Facilitator Notes:

- This module is continued with Module 1.5. Together, they are two 90-minute classes.
- Warm up the group with an ice breaker to make students feel comfortable and open for discussion.
- Idea: As an ice breaker for the first class, ask students what they expect ethically and legally from an employer.
- Let the class know that they will be interacting with the material and applying the concepts to their lives. Participation is more than encouraged.
- Be sure to put your name and any other information on the first slide

Learning Objectives



Explain the historical development of labor and employee relations in the United States.



Identify key laws, movements, and events that shaped modern labor relations.



Analyze how industrialization, globalization, and technology transformed the employee-employer relationship



Time: 2 minutes

Running time: 12 minutes

Objective: Introduce the learning objectives.

Description: Show the objectives. Answer any questions.

Instructional Method: Lecture

Script:

Here are the student objectives for this module:

- Explain the historical development of labor and employee relations in the United States.
- Identify key laws, movements, and events that shaped modern labor relations.
- Analyze how industrialization, globalization, and technology transformed the employee-employer relationship.

Key Terms

Collective Bargaining, Employee Relations, Industrial Relations, Labor Union, Union Density, Wagner Act, Taft-Hartley Act, Tripartite System, Right-to-Work Laws

Facilitator Notes:

Use the objectives topics to create evaluation for the review.

Historical and Theoretical Foundations



- The Knights of Labor (1869)

- The American Federation of Labor (AFL), founded in 1886



Time: 5 minutes

Running time: 17 minutes

Objective: Describe the early history of employee relations.

Description: Describe how employee relations was started and discuss the early labor movements.

Instructional Method: Lecture - Discussion

Script:

Let's visit the roots of modern employee relations. Employee and labor relations didn't start in conference rooms or HR departments. It began in the factories, railways, and coal mines of the 19th century. The Industrial Revolution transformed the labor market from small-scale, master-apprentice craftsmanship, supporting local shops, into large-scale production of goods that would be shipped across the nation. This shift concentrated workers in urban centers, introduced mechanization, and blurred the line between survival and exploitation. Twelve-hour workdays, child labor, and unsafe conditions were the rule, rather than the exception.

Workers, stripped of individual bargaining power, began to organize collectively to demand humane conditions and basic dignity. The idea of *collective action* was born long before it was legal. Strikes, boycotts, and protests became the primary tools for resistance in an era when employers held nearly unchecked power.

Ask:

What can you tell me about employee strikes or labor movements?

Facilitator Notes:

Historical and Theoretical Foundations

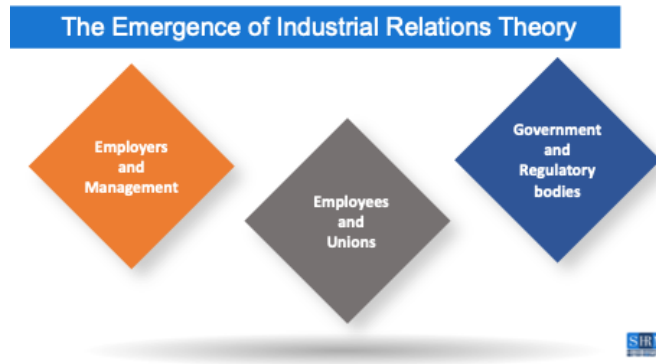
One of the earliest documented examples of organized worker action occurred in 1768, when New York journeymen tailors protested wage reductions. While historians debate whether it was the *first* strike in American history, it is widely recognized as a foundational moment in the development of collective worker voice (Commons et al., 1918).

By the late nineteenth century, labor activism had become a central feature of U.S. industrial society (Montgomery, 1980). Gregory (n.d.) noted that the Knights of Labor (founded in 1869) sought to unite workers across skill levels and backgrounds. However, the organization excluded certain groups such as bankers, lawyers, and liquor dealers.

After the [Haymarket Affair in 1886](#) damaged public support for broad labor reform, leadership shifted toward the more conservative [American Federation of Labor \(AFL\)](#), whose president, [Samuel Gompers](#), emphasized “pure and simple unionism,” focusing on skilled trades and bread-and-butter gains such as wages and hours (Encyclopedia Britannica, 2023a; Encyclopedia Britannica, 2023b).

Early Labor Movements:

- The Knights of Labor (1869) became the first major labor organization to advocate for an eight-hour workday and equal pay for equal work.
- The American Federation of Labor (AFL), founded in 1886, emphasized skilled labor and collective bargaining as tools for empowering workers.



Time: 5 minutes

Running time: 22 minutes

Objective: Identify the framework of industrial relations and briefly introduce the history of social change.

Description: Describe the industrial relations framework and how the model includes labor relations, social change, and laws (acts).

Instructional Method: Lecture

Script:

The early 20th century saw the formalization of [industrial relations](#) as both a field of study and a management practice. This development was fueled by economic instability, labor unrest, and a growing recognition that conflict between labor and management was not a sign of failure, but a normal feature of capitalism.

Scholars and policymakers began to frame industrial relations as a tripartite system involving these three key actors:

- **Employers and management** – seeking efficiency, productivity, and profit.
- **Employees and unions** – seeking fair pay, safety, and security.
- **Government and regulatory bodies** – ensuring balance and stability through law.

Facilitator Notes:

John T. Dunlop's landmark framework described the employment relationship as a [tripartite system](#) shaped by interactions among employers, workers (and their unions), and government institutions, all operating within a shared economic and technological environment (Dunlop, 1958). This perspective emphasized that stability depended on each actor understanding the rules governing their relationships and having legitimate mechanisms to resolve disputes.

This model reflected the belief that equilibrium between the three groups created social stability. It also acknowledged that cooperation (not domination) was the foundation of long-term economic progress (IOE, 2003).

Industrial relations theory assumed that conflict was *inevitable but manageable* through negotiation, compromise, and institutionalized systems. Later scholars expanded Dunlop's model by examining how power, voice, and workplace rules evolve when economic conditions and organizational structures shift. Edwards and Hodder (2022) argued that antagonism between labor and management persists even in modern workplaces.

Still, it is now expressed through more subtle dynamics such as work intensification, surveillance technology, and individualized performance management.

Labor Relations in the Context of Economic and Social Change

Throughout the twentieth century, economic and social changes repeatedly reshaped the interaction between labor and management. The [Great Depression](#) exposed the vulnerability of workers and the limits of employer discretion, prompting federal intervention on an unprecedented scale. The passage of the [National Labor Relations Act \(NLRA\)](#) in 1935 granted employees the legal right to organize and bargain collectively, marking a foundational shift in the balance of workplace power (National Labor Relations Act, 1935). The law reframed employment relations as a matter of public interest rather than a private contract between employer and employee.

Following World War II, unions reached their peak strength, representing approximately one-third of the U.S. workforce. Rising wages, expanded benefits, and workplace protections fueled the growth of America's middle class during this period (Bureau of Labor Statistics, 2024). However, beginning in the 1970s, globalization, automation, and shifts toward service-sector employment contributed to a steady decline in union membership. By 2023, only about 10 percent of U.S. workers were union members, reflecting a dramatic transformation in how workers exercise voice and bargaining power (Bureau of Labor Statistics, 2024). Labor history is not a straight line; it's cyclical. Periods of worker empowerment are often followed by retrenchment, depending on economic conditions and political will. Yet the underlying question remains the same: *Who holds the power to define fairness at work?*

The Great Depression exposed the vulnerability of workers and the need for structured labor protections. In 1935, Congress passed the [National Labor Relations Act \(Wagner Act\)](#), granting employees the right to organize and bargain collectively. This legislation marked the birth of formal labor relations in the United States.

The passage of the National Labor Relations Act (NLRA) set the foundation for formal collective bargaining in the United States, but the decades that followed saw continual adjustments to the balance of power between workers and employers. In 1947, Congress enacted the [Labor Management Relations Act](#) -better known as the [Taft-Hartley Act](#)- which amended the NLRA to restrict certain union practices, expand employer rights, and establish the ability of states to pass right-to-work laws (Labor Management Relations Act of 1947). The act reflected growing public concern about postwar strikes and shifting political attitudes, dramatically reshaping the strategic environment for unions.

The Taft-Hartley Act prohibited secondary boycotts, jurisdictional strikes, and closed-shop agreements, and required union leaders to affirm that they were not members of the Communist Party. It also strengthened protections for employees who chose not to engage in union activity, reframing union power as something that required democratic oversight. Critics argued that Taft-Hartley weakened organized labor, while advocates claimed it restored equilibrium between unions and management. These debates still shape labor policy discussions today.

A further shift came with the [Landrum-Griffin Act of 1959](#), formally known as the [Labor-Management Reporting and Disclosure Act \(LMRDA\)](#). Prompted by high-profile corruption investigations involving union leadership, the law established a *Bill of Rights* for union members, increased federal oversight of union

finances, and mandated democratic procedures for electing leaders (Labor-Management Reporting and Disclosure Act of 1959). While the act aimed to protect workers from internal union abuses, it also imposed administrative burdens that some scholars argue constrained unions' effectiveness.

Taft-Hartley Act (1947): Curbed union power by prohibiting certain strikes and political activities.

Landrum-Griffin Act (1959): Introduced transparency and accountability requirements for union leadership. Union membership peaked in the 1950s, when one in three American workers belonged to a union (Romer, 2023). But by the late twentieth century, union membership had declined significantly due to globalization, automation, outsourcing, and the expansion of service-sector employment. As **union density** fell, organizations increasingly turned to internal human resources systems to manage workplace issues that had historically been addressed through collective bargaining.

This shift marked the rise of modern employee relations as a strategic HR function focused on communication, fairness, engagement, and culture, rather than formal grievance procedures alone (Kochan et al., 1986). By 2023, only around 10% of U.S. workers were union members (U.S. Bureau of Labor Statistics, 2024).

The **Wagner Act** remains the cornerstone of collective bargaining rights, empowering the National Labor Relations Board (NLRB) to investigate unfair labor practices and oversee union elections.

How can organizations pursue efficiency and innovation without sacrificing fairness and respect for the people who make them successful?



Time: 5 minutes

Running time: 27 minutes

Objective: Describe the shift from industrial relations to Human Resource Management.

Description: Explain that understanding the historical roots of employee and labor relations isn't just academic; it's strategic.

Instructional Method: Lecture

Script:

Ultimately, employee relations today is both a strategic and ethical discipline. It integrates the lessons of historical labor movements, fairness, dignity, and voice, with modern organizational priorities such as agility, innovation, and culture. HR professionals serve as translators between employees and leadership, advocates for ethical behavior, and designers of systems that support psychological safety. This evolution sets the stage for understanding how the legal and regulatory frameworks discussed in Section 2 emerged from the need to balance power, protect rights, and maintain stability in the modern workplace.

Facilitator Notes:

As traditional collective bargaining declined, organizations increasingly relied on human resource professionals to maintain fairness and stability within the workplace. The emergence of [Strategic Human Resource Management \(SHRM\)](#), (reframed as Human Resource Management), as a proactive partner in organizational effectiveness rather than a clerical or compliance-driven function. HR leaders began to integrate communication systems, performance management practices, and culture-building strategies designed to reduce conflict, improve engagement, and prevent issues before they escalated into formal disputes.

The role of HR expanded further as work became more individualized. Rather than relying on union representatives to articulate employee concerns, HR professionals were expected to create internal mechanisms that upheld fairness and trust. These included open-door policies, employee surveys, climate assessments, and leadership coaching. Scholars note that this shift represented a philosophical transformation: employee voice moved from a legally protected collective right to an organizationally mediated individual experience (Mobray et al., 2021).

This transformation also increased HR's ethical responsibility. Without union intermediaries, employees relied directly on HR to ensure that policies were applied consistently, that investigations were conducted fairly, and that leaders were held accountable for their conduct. Research shows that employee trust in HR significantly influences organizational commitment, perceptions of fairness, and willingness to report concerns (Beltrán-

Martín & Bou-Llusar, 2018). In this sense, modern HR inherited many of the protective functions once associated with unions, but through internal systems rather than formalized bargaining structures.

By the early twenty-first century, employee relations had solidified into a distinct HR discipline focused on communication, fairness, and workplace culture. Organizations that excelled in employee relations used data-driven insights to identify emerging issues, provided structured opportunities for employee voice, and held leaders accountable for people-management behaviors. This shift reflected a broader recognition that positive employment relationships are not merely compliance obligations, but strategic assets that influence retention, engagement, and organizational reputation (Huselid, 2011).

As HR expanded its role, employee relations became a core function focused on fostering trust, managing communication, and ensuring consistent application of workplace policies. The best organizations recognized that employee relations could not function reactively. Instead, they implemented systems to identify issues early, coach leaders on fair decision-making, and address workplace concerns before they escalated into grievances or legal disputes. This proactive approach reflected a broader understanding that relational dynamics, not just rules, shape the employee experience (Huselid, 2011).

Employee relations practices increasingly emphasized open communication, transparency, and ethical leadership. Organizations adopted tools such as anonymous reporting platforms, skip-level meetings, and structured listening sessions to support employee voice. Research shows that when employees believe leaders are trustworthy and decisions are applied consistently, engagement and performance improve significantly (Dirks & Ferrin, 2002). These insights reinforced HR's responsibility to model and reinforce fairness throughout the organization.

As work environments became more complex, driven by globalization, shifting workforce demographics, and technological advancements, HR's employee relations function evolved to include data analysis and continuous improvement. Modern HR teams monitor metrics such as turnover, exit trends, employee sentiment, and grievance patterns to diagnose cultural strengths and vulnerabilities. This evidence-based approach allows organizations to align employee relations strategies with business objectives, enhancing both retention and organizational performance (Huselid, 2011).

Why History Still Matters

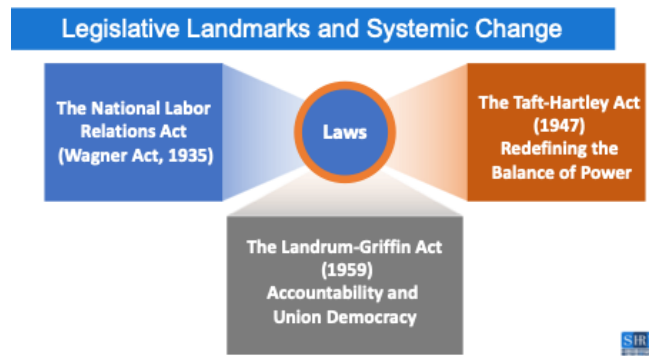
Labor relations in the United States evolved not only through workplace activism but also through legislation designed to establish and protect workers' rights. The legal framework that governs modern employee relations was largely constructed between the 1930s and 1960s, when federal lawmakers responded to economic instability, widespread labor unrest, and demands for greater workplace protections. Each major statute reflected the political and economic pressures of its time, balancing employer authority with workers' rights to organize, bargain, and participate in workplace decision-making (Gross, 1995).

Understanding the historical roots of employee and labor relations isn't just academic; it's strategic. The debates that shaped the early labor movement, about power, fairness, voice, and dignity, still echo in contemporary issues such as AI-driven management, remote work, and pay equity.

The context may have changed, but the core challenge remains timeless:

How can organizations pursue efficiency and innovation without sacrificing fairness and respect for the people who make them successful?

That tension (between profit and principle) is the heartbeat of employee and labor relations.



Time: 5 minutes

Running time: 32 minutes

Objective: Introduce labor relations laws.

Description: Introduce how labor relations evolved with laws and briefly describe three foundational laws and their key provisions.

Instructional Method: Lecture

Script:

The law is the foundation of labor relations. Labor relations in the United States did not evolve naturally. They were fought for, legislated, and often contested in courtrooms and on picket lines. Every major labor law represents both progress and pushback, marking the country's ongoing struggle to balance the power between workers, employers, and the government.

The legal framework that shapes today's employee relations system was largely built between the 1930s and 1960s, a period when the federal government began to formally define what fairness, bargaining, and representation should look like in the workplace. The history of labor law is a history of compromise and negotiation. Each new statute sought to correct the excesses of the previous era, swinging the pendulum between worker protection and employer control.

Facilitator Notes:

1. The National Labor Relations Act (Wagner Act, 1935)

The [National Labor Relations Act \(NLRA\)](#), also known as the [Wagner Act](#), was a turning point in American labor history. Enacted during the Great Depression, the NLRA established employees' rights to form unions, engage in collective bargaining, and participate in concerted activities for mutual aid or protection. It prohibited employers from interfering with union activity, retaliating against organizers, or refusing to bargain in good faith. The act also created the National Labor Relations Board (NLRB) to enforce these rights and adjudicate unfair labor practice allegations (National Labor Relations Act, 1935).

The Wagner Act reframed labor relations as a matter of public interest, asserting that unequal bargaining power between employers and employees harmed both commerce and national stability. By formalizing union rights, the law established structures that helped reduce strikes, stabilize industries, and expand worker protections. However, the act's broad protections created political backlash from employers and legislators who believed it gave unions too much power, concerns that eventually paved the way for amendments only a decade later (Gross, 1995).

Key Provisions:

- Established the [right to self-organization](#), allowing workers to form, join, or assist labor unions.
- Prohibited employers from engaging in [unfair labor practices \(ULPs\)](#) such as retaliation, coercion, or interference.
- Created the [National Labor Relations Board \(NLRB\)](#) to investigate and enforce labor rights.
- Required employers to [bargain in good faith](#) with duly elected union representatives.

The Wagner Act didn't just legalize unions; it *legitimized the worker's voice* as a cornerstone of a healthy economy. For the first time, employees could speak up about workplace issues collectively without risking their livelihoods.

The law forced employers to professionalize their personnel practices. Many companies created early 'Personnel Departments' to ensure compliance and manage labor relations proactively. The modern HR function, in many ways, was born from the need to navigate the new legal landscape created by the NLRA. The Wagner Act was the first federal law to declare that inequality in bargaining power between employers and employees harms commerce. It reframed employee relations from a private matter into a public concern.

2. The Taft-Hartley Act (1947): Redefining the Balance of Power

By the mid-1940s, labor unions had grown powerful, perhaps *too* powerful in the eyes of business leaders and policymakers. Strikes during and after World War II had disrupted major industries, and public opinion began to turn. In 1947, Congress passed the [Labor Management Relations Act](#), better known as the [Taft-Hartley Act](#), over President Truman's veto. Taft-Hartley restricted certain organizing tactics, banned secondary boycotts and closed shops, and expanded the definition of unfair labor practices to include union misconduct. It also allowed states to enact right-to-work laws, which prohibit mandatory union membership or dues, dramatically altering the geography of union strength in the United States (Labor Management Relations Act of 1947; National Conference of State Legislatures, n.d.).

The Taft-Hartley Act amended the Wagner Act by restricting union activities and expanding employer rights.

Key Provisions:

- Prohibited certain union practices such as secondary boycotts, jurisdictional strikes, and closed shops.
- Allowed states to pass [right-to-work laws](#), which prohibit mandatory union membership or dues as a condition of employment.
- Required union leaders to sign affidavits affirming they were not members of the Communist Party.
- Expanded the list of [unfair labor practices](#) to include union misconduct.
- Affirmed employees' right to refrain from union activity.

Taft-Hartley rebalanced labor relations, giving management a stronger voice and introducing the concept of [union avoidance](#) as a legitimate business strategy. In addition to restricting certain union tactics, it affirmed employees' rights to refrain from union activity, a point often overlooked in simplified summaries of the law. Many organizations began focusing on building direct employee communication systems to reduce dependence on union representation.

The statute also authorized federal injunctions during strikes that threatened national health or safety and imposed requirements on union officers to affirm they were not members of the Communist Party, a reflection of Cold War political pressures rather than labor-management realities (Labor Management

Relations Act of 1947). These provisions significantly reshaped the legal and strategic landscape for organized labor.

[Right-to-work laws](#) remain highly controversial. Supporters argue they promote individual freedom and economic growth; critics say they weaken unions and depress wages. As of 2025, 28 states have right-to-work legislation, with several others continuing to debate its repeal or adoption (National Conference of State Legislatures, n.d.).

Taft-Hartley's expansion of employer rights and limitations on union activity marked a turning point in U.S. labor relations, leading to heightened tension between labor and management. While supporters argued the law restored fairness and protected commerce, critics viewed it as a deliberate effort to weaken unions and reduce worker bargaining power. The debates surrounding Taft-Hartley's legacy continue today, especially as states leverage the law's right-to-work provisions to structure their labor environments (National Conference of State Legislatures, n.d.).

3. The Landrum-Griffin Act (1959): Accountability and Union Democracy

The late 1950s brought a new challenge, not from employers, but from within the labor movement itself. High-profile corruption scandals, such as those involving the [Teamsters Union](#), led Congress to pass the [Labor-Management Reporting and Disclosure Act \(LMRDA\)](#), commonly known as the [Landrum-Griffin Act](#). The next major legislative development was the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA), commonly known as the Landrum-Griffin Act. This law emerged in response to congressional investigations, most notably the [McClellan Committee hearings](#), which revealed corruption, financial mismanagement, and undemocratic practices in some unions, particularly the [International Brotherhood of Teamsters](#). To address these concerns, the LMRDA established a "Bill of Rights" for union members, mandated democratic election procedures, required annual financial reporting, and strengthened federal oversight of internal union governance (Labor-Management Reporting and Disclosure Act of 1959).

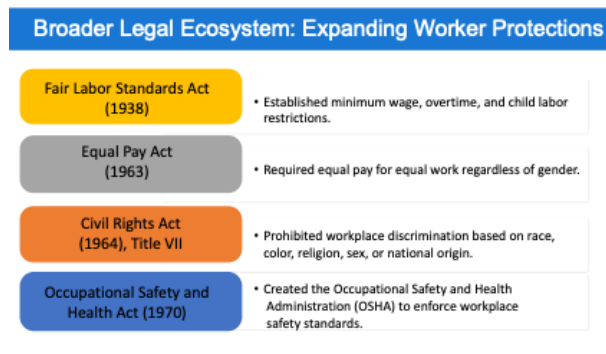
In short, this law was designed to protect union members from abuse by their own leaders and to promote transparency in union governance.

Key Provisions:

- Established a "Bill of Rights" for union members, guaranteeing freedom of speech and assembly within unions.
- Required unions to conduct democratic elections for leadership positions.
- Mandated financial disclosure and reporting of union funds to the [Department of Labor](#).
- Strengthened penalties for embezzlement and corruption.

While Landrum-Griffin aimed to protect workers from internal abuses, scholars argue that it also increased administrative burdens and constrained union autonomy. Some critics contend that these oversight mechanisms reflected broader political efforts to limit union influence rather than purely to safeguard democracy within unions. Nonetheless, the act remains a foundational component of U.S. labor law and continues to govern how unions manage finances, conduct elections, and maintain accountability to their members.

Landrum-Griffin's emphasis on transparency and democracy mirrors modern expectations for corporate governance. Today's employees demand similar openness from employers regarding pay, promotion, and leadership ethics.



Time: 5 minutes

Running time: 37 minutes

Objective: Explain how these laws and statutes expanded the HR function from labor management to a more strategic partners.

Description: Explain in greater detail the four key laws that influenced employee relations.

Instructional Method: Lecture

Script:

The mid-twentieth century brought additional federal laws that expanded worker protections beyond collective bargaining. These statutes addressed wages, discrimination, safety, and the basic standards of employment, forming the foundation of modern HR compliance. Unlike the Wagner, Taft-Hartley, and Landrum-Griffin Acts, which focused primarily on labor–management relations, these emerging laws targeted universal employment rights. Together, they reshaped the responsibilities of employers and deepened the role of HR in ensuring legal and ethical treatment of employees (Gross, 1995).

Key Laws Influencing Employee Relations:

- [Fair Labor Standards Act \(1938\)](#): Established minimum wage, overtime, and child labor restrictions.
- [Equal Pay Act \(1963\)](#): Required equal pay for equal work regardless of gender.
- [Civil Rights Act \(1964\), Title VII](#): Prohibited workplace discrimination based on race, color, religion, sex, or national origin.
- [Occupational Safety and Health Act \(1970\)](#): Created the Occupational Safety and Health Administration (OSHA) to enforce workplace safety standards.

These statutes expanded the HR function from labor management to comprehensive employee advocacy. HR professionals became not only compliance experts but also strategic partners in risk mitigation and cultural integrity.

Facilitator Notes:

The Fair Labor Standards Act (FLSA) of 1938 established federal minimum wage requirements, regulated overtime pay and prohibited most forms of child labor. These standards not only improved working conditions but also signaled a new federal commitment to regulating economic fairness in the workplace. The FLSA remains one of the most frequently litigated employment laws in the United States, shaping HR practices around compensation, classification, and scheduling.

Civil rights legislation in the 1960s further expanded federal oversight of employment practices. Title VII of the Civil Rights Act of 1964 prohibited discrimination based on race, color, religion, sex, or national origin. This law established the Equal Employment Opportunity Commission (EEOC), which continues to enforce federal anti-discrimination statutes. Subsequent amendments, such as the Pregnancy Discrimination Act (1978) and the Civil Rights Act of 1991, broadened protections and clarified employer liability. These legal developments reinforced HR's role in creating inclusive and equitable workplaces.

Workplace safety became another defining pillar of U.S. labor policy with the passage of the Occupational Safety and Health Act of 1970, which created the [Occupational Safety and Health Administration \(OSHA\)](#). This act established employers' duty to provide a workplace "free from recognized hazards" and gave OSHA the authority to issue standards, conduct inspections, and enforce compliance. OSHA's development reflected a broader shift toward proactive, prevention-based approaches to workplace risk, a shift that remains central to employee relations strategies today.

The expansion of federal labor and employment statutes throughout the mid-twentieth century shifted the focus of workplace governance from purely collective bargaining to a broader framework of individual rights. Laws addressing discrimination, safety, wages, and benefits created a foundation for the modern employment relationship. As these regulations grew in scope, HR professionals became responsible not only for compliance but also for translating legal requirements into organizational policies and practices that aligned with business needs (Befort & Budd, 2009).

Late 20th and Early 21st Centuries



Time: 5 minutes

Running time: 42 minutes

Objective: Describe the recent shifts in HR.

Description: Describe the 1980s of HR to the present and summarize by concluding with Law – Legacy – Leadership.

Instructional Method: Lecture

Script:

For today's HR professionals, these laws are more than historical milestones; they are living frameworks. Understanding their origins helps leaders anticipate the next wave of change, as technology, globalization, and shifting generational expectations once again redefine what fairness and representation mean in the modern workplace.

Conclusion: Law, Legacy, and Leadership

The Wagner, Taft-Hartley, and Landrum-Griffin Acts built the architecture of modern labor relations, defining the rights and responsibilities of workers, unions, and employers. Together, they established a system that balances freedom and control, democracy and efficiency.

Facilitator Notes:

There were Systemic Shifts of the Late 20th and Early 21st Centuries

By the 1980s, the U.S. labor landscape had shifted dramatically. Global competition and advances in automation reduced the number of traditional manufacturing jobs that had historically supported union strength. At the same time, the rise of service-sector and knowledge work created environments in which collective bargaining was less common and individualized HR systems became the primary mechanisms for addressing workplace concerns.

Scholars noted that the traditional industrial relations paradigm no longer reflected the realities of a diversified, technology-driven economy. In the United States, the union membership rate (for wage and salary workers) declined from approximately 33.5% in 1954 to about 10.0% in 2023 (Bureau of Labor Statistics, 2024).

As union influence waned, HR departments absorbed many of the functions once handled by labor representatives, including employee engagement, conflict resolution, and workplace fairness. This transformation marked the rise of [employee relations](#) as a core HR competency.

As the economy shifted, HR departments expanded into strategic partners responsible for supporting organizational culture, managing people-centric risk, and shaping long-term workforce strategy. Employee relations practices became increasingly data-driven, integrating metrics such as turnover rates, engagement survey results, and employee sentiment patterns to identify emerging issues. This evolution signaled a move from reactive problem-solving to proactive culture management, where maintaining positive relationships with employees became a central component of organizational success (Huselid, 2011).

The legal frameworks of the 20th century still govern the 21st-century workplace, but they are increasingly strained by new employment models, such as gig work, remote labor, and algorithmic management; forms of work that lawmakers in the 1930s could never have imagined. Taken together, these legal, economic, and technological forces created the foundation for the modern employee relations function.

HR professionals today draw from both the historical lessons of labor movements and the requirements of contemporary employment law. The result is a hybrid discipline grounded in fairness, communication, ethics, and organizational strategy. This foundation prepares us to explore the next component of employee and labor relations: the detailed legislative framework that shapes how organizations manage conflict, bargaining, and employee voice in the modern workplace.



Time: 8 minutes

Running time: 50 minutes

Objective: Describe how ER changed from collective bargaining to individual engagement.

Description: Describe the shift to modern employee relations.

Instructional Method: Lecture

Script: By the late twentieth century, the American labor landscape had shifted from a system grounded primarily in [collective bargaining](#) to one increasingly driven by individualized employment relationships. As union membership declined, organizations began implementing internal mechanisms to support fairness, communication, and conflict resolution without relying on third-party representation. This shift marked the emergence of [employee relations \(ER\)](#) as a deliberate HR function rather than a reactive alternative to unions (Kochan et al., 1986).

By the 1990s, the best organizations recognized that treating employees as *assets* to manage was outdated. Instead, they viewed employees as stakeholders to engage, a concept that remains central to HR strategy today.

Facilitator Notes:

The Rise of Employee Relations and HR's Strategic Role
From Collective Bargaining to Individual Engagement

Employee relations emphasizes direct communication between employees and management. Instead of formal grievance procedures governed by contracts, organizations adopted open-door policies, leadership accessibility practices, and consistent application of workplace rules. This direct approach gave HR increased responsibility for shaping workplace culture, ensuring due process during investigations, and training leaders to make fair and consistent decisions (Kaufman, 2014). The result was a more holistic view of the employment relationship, one in which conflict prevention became as important as conflict resolution.

Organizations with strong employee relations systems recognized that trust is built through transparency and responsiveness. These companies integrated communication channels such as anonymous feedback tools, employee listening sessions, and routine manager check-ins to surface concerns early. Research shows that when employees perceive decision-making as fair and feel they have meaningful opportunities for voice, organizational commitment and performance both improve (Colquitt et al., 2013). These principles echo many

goals of the early labor movement, but through internal organizational design rather than collective bargaining.

As HR adopted a more strategic role, employee relations also became linked to organizational performance outcomes. Studies in strategic HRM demonstrate that aligned people-management systems can improve retention, strengthen engagement, and increase productivity. ER professionals contribute to this alignment by identifying cultural risks, advising leaders on ethical decision-making, and ensuring that organizational practices support strategic priorities (Huselid, 2011). In this way, ER serves as both a guardian of fairness and a driver of organizational effectiveness.

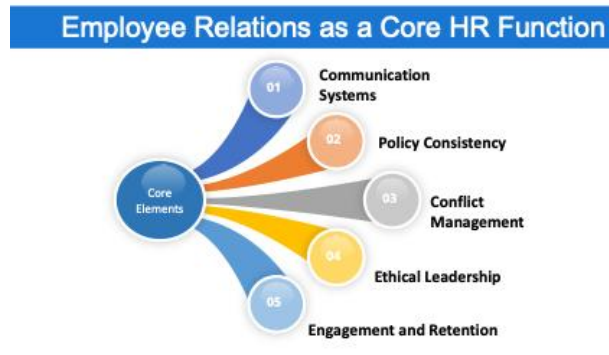
The move from labor relations to employee relations was not just a structural shift; it was philosophical. Workplaces transitioned from “we versus they” to “us,” at least in theory.

The Decline of Union Power and the Birth of Strategic HR

As unions weakened and organizations became more complex, employers faced a critical question: *Who would safeguard fairness, communication, and trust now?*

The answer was the modern HR department. HR evolved beyond *personnel administration* into a strategic partner that integrated compliance, culture, and communication. Employee relations became its beating heart.

By the 1990s, the best organizations recognized that treating employees as *assets* to manage was outdated. Instead, they viewed employees as stakeholders to engage, a concept that remains central to HR strategy today.



Time: 10 minutes

Running time: 60 minutes

Objective: Describe the core elements of Employee Relations.

Description: Describe the core elements of Modern Employee Relations.

Instructional Method: Lecture

Script:

The modern employee relations function, therefore, requires HR professionals to serve as strategic advisors to leadership, not just policy administrators. ER practitioners coach managers on communication, decision-making, documentation, and conflict de-escalation. They also monitor trends to identify leaders or departments that may need additional support. This advisory role is essential to preventing workplace issues and sustaining a culture of fairness, especially in fast-paced or high-growth organizations (Budd & Bhawe, 2019).

Core Elements of Modern Employee Relations:

1. **Communication Systems:** Establishing open-door policies, feedback channels, and employee surveys to promote transparency.
2. **Policy Consistency:** Ensuring fair and uniform application of rules across the organization.
3. **Conflict Management:** Using mediation and coaching before disputes escalate into grievances.
4. **Ethical Leadership:** Training managers to balance accountability with empathy.
5. **Engagement and Retention:** Building a sense of belonging that supports motivation and reduces turnover.

Facilitator Notes:

Employee relations (ER) emerged as a proactive HR function focused on fostering trust, managing communication, and ensuring fair treatment. Unlike industrial relations, which primarily managed collective conflict, ER sought to prevent conflict before it began through leadership development, consistent policy enforcement, and transparent communication. Employee relations evolved from a primarily qualitative practice into one supported by data and analytics.

HR teams began tracking patterns in turnover, engagement, absenteeism, and employee complaints to identify systemic issues before they escalated. This shift reflects the broader movement toward evidence-based HR, which integrates research, organizational metrics, and professional expertise to improve decision-

making (Rynes & Bartunek, 2017). Data allowed HR to diagnose root causes more effectively and to develop targeted interventions that supported both employee well-being and organizational goals.

Leadership behavior emerged as a critical driver of employee relations outcomes. Research consistently shows that managers have a greater impact on day-to-day employee experiences than formal HR policies. When supervisors model ethical decision-making, communicate openly, and apply rules consistently, employees report higher trust, stronger engagement, and lower turnover intentions (Breevaart & Bakker, 2018). Conversely, inconsistent or inequitable leader behavior undermines employee voice and increases the likelihood of conflict, complaints, or disengagement.

Employee relations today reflects the convergence of three traditions: the worker-centered advocacy of early labor movements, the legal compliance frameworks established in the twentieth century, and the strategic, data-informed approaches developed in contemporary HR research. This multifaceted heritage positions ER as both a guardian of employee rights and a contributor to organizational effectiveness. By integrating fairness, communication, ethics, and analytics, modern ER professionals play a critical role in shaping the employee experience and maintaining organizational health (Huselid, 2011; Rynes & Bartunek, 2017).

The Shift in Power Dynamics

- Conducting surveys and assessments
- Aligning employee relations strategies
- Training supervisors as ethical leaders
- Using data analytics
- Partnering with executives



Time: 10 minutes

Running time: 70 minutes

Objective: Describe the shift from unionized settings to strategic HR practices.

Description: List the strategic HR practices to show the difference between unionized settings.

Instructional Method: Lecture

Script:

In unionized settings, the employee voice was collective; in nonunion workplaces, it became individualized. HR professionals were now responsible for giving employees a sense of representation internally. Essentially, *HR replaced the union rep with trust-based relationships and data-driven insight.*

This evolution expanded the role of employee relations from policy enforcement to strategic influence. Instead of reacting to problems, HR professionals began asking: *How can we prevent issues through leadership, communication, and culture design?*

Strategic HR Practices Include:

- Conducting climate surveys and engagement assessments to predict emerging issues.
- Aligning employee relations strategies with organizational mission and values.
- Training supervisors to act as ethical leaders and culture carriers.
- Using data analytics to identify early warning signs of turnover or dissatisfaction.
- Partnering with executives to design fair and transparent change management initiatives.

Facilitator Notes:

The Shift in Power Dynamics

The decline of traditional union structures did not eliminate the need for employee advocacy. Instead, many of the functions once fulfilled by unions, such as ensuring fairness, providing voice, and challenging managerial decisions, shifted internally to HR. This shift fundamentally expanded HR's role and reinforced the expectation that employee concerns would be addressed quickly, confidentially, and without retaliation. When employees perceive internal systems as fair and responsive, they are less likely to seek external mechanisms such as unionization or litigation.

However, this reliance on internal systems also increased the stakes for HR. Without external representation, the power imbalance between individual employees and organizational leadership can become more pronounced. Effective employee relations practices must therefore ensure that employees feel safe raising

concerns, especially when issues involve power, favoritism, or ethical violations. These dynamics underscore why psychological safety, the belief that one can express concerns without fear of embarrassment or retaliation, has become a core metric of workplace health (Edmondson, 2019).

Southwest Airlines built one of the most recognized employee relations cultures in the U.S. through humor, transparency, and empowerment. By framing employees as *internal customers*, Southwest avoided the traditional management-labor divide and maintained a nonunion culture built on mutual respect and consistent communication (Peak, 2025).

As workplaces became more diverse and interconnected, employee relations also expanded to address issues such as inclusion, cross-cultural communication, remote collaboration, and the effects of technology on work. Modern organizations must navigate generational differences, global teams, distributed work arrangements, and rapid technological change. These complexities have reinforced the need for ER professionals to understand not only labor law and policy but also organizational behavior, communication science, and cultural competence (Mobray et al., 2021).

Together, these developments reshaped the role of employee relations from a reactive function to a holistic strategic discipline. ER professionals today serve as culture stewards, conflict coaches, policy experts, and ethical advisors. Their work blends legal compliance with proactive engagement, ensuring that organizations uphold fairness while achieving performance goals. This evolution sets the stage for understanding how technology, globalization, and new employment models will continue to redefine the practice of employee relations in the twenty-first century (Budd & Bhawe, 2019).

Strategic HRM and the Rise of Employee Advocacy

The twenty-first century transformed the nature of work more rapidly than any period since industrialization. Globalization, digital technology, and changes in workforce expectations blurred the traditional boundaries of the employment relationship. Organizations now operate across time zones, rely on complex supply chains, and use advanced technologies to coordinate teams and processes.

While these developments expanded opportunities for collaboration and innovation, they also introduced new challenges related to fairness, transparency, and organizational responsibility in an increasingly interconnected labor market (ILO, 2024).

The 1980s and 1990s brought a new term to management vocabulary: *Strategic Human Resource Management*. No longer confined to hiring and payroll, HR became part of corporate strategy, linking people practices directly to organizational performance.

The Ethical Imperative of Employee Relations



SRM

Time: 10 minutes

Running time: 80 minutes

Objective: List ethical mandates of HR.

Description: Have students list employee relations mandates.

Instructional Method: Lecture – Exercise – Example

Script:

While employee relations evolved to improve engagement and retention, it also became the front line for organizational ethics. Employees increasingly expected HR to uphold fairness and hold leadership accountable.

Exercise:

Employee relations mandates – Synergy Game (10 minutes)

1. Individually, have students list how they expect HR to uphold fairness and hold leadership accountable.
2. Next, put students into pairs and have them share lists and brainstorm to add to the list.
3. Add two groups together and have them discuss their answers.
4. Have groups decide on their best answer.

Debrief:

Ask groups to share their best answer.

Illustrative Case Example

Here is an example of employee relations solving ethical issues.

After a series of discrimination complaints, a large financial institution introduced an *Ethics Ambassador* program led by its HR team. Employees could confidentially discuss moral dilemmas before they escalated. Within one year, formal complaints dropped by nearly half, and trust scores improved across departments.

Facilitator Notes:

The Ethical Imperative of Employee Relations

The Modern Ethical Mandate of HR Includes:

- Protecting employees from retaliation when they report misconduct.
- Ensuring due process during investigations and disciplinary actions.
- Promoting psychological safety, where employees can speak up without fear.
- Advocating for ethical consistency between stated values and lived behavior.

When HR fulfills this advocacy role effectively, it strengthens both organizational integrity and public trust. When it fails, it risks reinforcing cynicism and disengagement, the very issues it exists to prevent.



Time: 10 minutes

Running time: 90 minutes

Objective: Review the main points in this module.

Description: Be sure that students have a fun way to remember the material.

Instructional Method: Game – Review

Script:

Let's see how much we remember about this module.*

Facilitator Notes:

Review Exercise: Create a fun game to review the material. Remember to use the objectives to measure learning:

- Explain the historical development of labor and employee relations in the United States.
 - Identify key laws, movements, and events that shaped modern labor relations.
 - Analyze how industrialization, globalization, and technology transformed the employee-employer relationship.
-
- Have each student submit a question on a piece of paper, crumple it up and toss it in a bucket (clean wastebasket), Instructor will then read them and give points to each team with the correct answer.
 - Any game show – Family Feud, Jeopardy, \$10,000 pyramid, Password, Tic Tac Toe
 - Extra credit quizzes

There are many ways to review material virtually or in person. Students can use their phones or computers to navigate to various online review websites.

A few are:

- Kahoot
- Quizlet

*The next class is a continuation of this class. Use review for this module and there will be a case study and student activity as well as a review for the next (continuation) module.