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Introduction

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Union-Management Cooperation: Structure, Process, Impact

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Chapter 1

Introduction

There is a long history of union-management cooperation in the United States. Although the resolution of important workplace issues continues to be most commonly addressed within the traditional system of collective bargaining, there is increasing evidence of a wide array of cooperative efforts taking place. These efforts are occurring within the immediate workplace as well as at company, industry, and national levels.¹

Union-management cooperation can be classified into eight categories. At the macro level these have been: (1) *presidential labor-management committees* which were assembled during the Kennedy, Johnson, Nixon, Ford, and Carter presidencies. These committees differed in the scope of the agendas and in their prestige, but generally made recommendations on economic, industrial relations, and manpower issues (Maye 1980); (2) *industry level labor-management policy committees* (Driscoll 1980), for example the steel industry's human relations committee (Healy 1965) and those in retail food (Ray 1982) and health care (Corbett 1982); and (3) *joint industry or companywide committees to develop responses to technological change* (Brooks 1968; Healy 1965; Horvitz 1968; Shiron 1968).

At an intermediate level, (4) *areawide labor-management committees* developed during the 1970s (Ahern 1979; Leone, Eleey, Watkins, & Gershenfeld 1982; Popular 1980). Area

labor-management committees are composed of the community's key union leaders and chief operating managers. Most area committees employ a professional staff to direct their activities. Area committees sponsor social and educational events to increase communication and understanding between labor and management and to demonstrate the mutual benefits of cooperation, act as informal neutrals in difficult collective bargaining negotiations, and serve as an integral part of the area's economic development activities. The most important work of the area committees is in stimulating and facilitating the creation of in-plant labor-management committees to improve labor relations within establishments and, collectively, for the entire community.

At the plant level, four distinct efforts have appeared. Although several have overlapping goals, their structure and process are sufficiently distinct to require differential consideration. The four are: (5) *safety committees* (Beaumont & Deaton 1981; Kochan, Dyer & Lipsky 1977); (6) *in-plant labor-management committees and programs to improve union-management relations*, which have applied a variety of organizational development and other process change activities to reduce animosity and improve attitudes between unions and companies and to address problems normally outside the scope of traditional collective bargaining (Ahern 1978; Healy 1965; Mayer 1980). One such program was the Federal Mediation and Conciliation Service's Relationships-by-Objectives program (Gray, Sinicropi, & Hughes 1982); (7) *productivity committees, gainsharing or productivity plans, and quality circles* (Dale 1949; Dewar 1980; Dubin 1949; Fein 1981; Frost, Wakeley, & Ruh 1974; Lesieur 1958; Mohrman 1982; Moore & Goodman 1973; Moore & Ross 1978; Schuster 1983 a&b & 1984); and (8) efforts to improve *the quality of worklife* (Drexler & Lawler 1977; Goodman 1979; Macy 1979).

This book presents the findings of a five-year study of the structure, process, and impact of joint union-management

programs to improve productivity. The focus of this research is on productivity-sharing plans² (PSPs) such as Scanlon, Rucker, and Improshare Plans, in-plant Labor-Management Committees (L-MCs), Quality Circles (QCs), and Quality of Worklife (QWL) projects.³ *All of the programs have a common basis, that is, they are structural interventions which attempt to generate greater worker interest, involvement and effort toward achieving important organization goals.*

In spite of the long history of union-management cooperation, there has been very little scientific analysis of the structure, process, and impact of cooperative programs. The dominant form of research in the field has been case analysis. Empirical studies have tended to be mostly attitudinal. This research breaks new ground in three areas. First, it is a large sample (38 sites) of firms with cooperative union-management programs. Second, the research utilized actual performance measures, for example, of productivity. And finally, the research employed a longitudinal research design along with sophisticated analytical methods. Thus this research offers both substantive findings on the structure, process, and impact of union-management cooperation (chapters 4, 5, 6) as well as addressing and developing methodological techniques for evaluating cooperative programs (chapter 3).

This introductory chapter is divided into three sections. At the outset a section underscoring the growth and importance of union-management cooperation is presented. This is followed by a discussion of union and management attitudes toward cooperation. The third section is a brief description of the structure of the book.

Importance of Union-Management Cooperation

It is unlikely that change in the American industrial relations system would have occurred in the absence of sweeping environmental influences. Since the early 1970s, foreign

competition, the increased cost advantages and more modern equipment of the nonunion sector of the economy, and a change in the values, attitudes, and work behaviors of much of the labor force have increasingly shaken the foundations of the traditional system of collective bargaining. In more recent years, harsh economic difficulties have accelerated the process of change and accommodation. Whether, and to what degree, the increased levels of cooperation will continue once economic conditions stabilize is very much an open question. At the present time, however, companies have had to increase their efficiency in order to remain viable, and one strategy for doing so has been to expand the level of employee and union involvement in decisionmaking affecting the workplace. Many of these efforts were stimulated and publicized by the now defunct National Center for Productivity and the Quality of Working Life (NCPQWL).

Although there is no way of knowing precisely how much cooperation is occurring in the United States, there is evidence which suggests that there has been a marked increase in cooperative activities. This evidence comes from a variety of governmental, academic, and journalistic sources. In 1977 and 1978, the NCPQWL published directories listing companies and unions with ongoing cooperative activities. In each case, approximately 100 experiments were listed. The publication of the directory was suspended until the 1982 edition, published by the U.S. Department of Labor, which contains a listing of 700 experiments.

Additional evidence of the upswing in cooperative labor-management activity may be found in the increase in safety committees. The Bureau of National Affairs has reported that in its 1979 survey of collective bargaining agreements, 43 percent contained provisions calling for safety committees. This was an increase in the number of contracts with such provisions over the 1970 and 1975 surveys which reported 31 percent and 39 percent, respectively.

In a recent study of 26 sites with labor-management committees in Illinois, Derber and Flanigan (1980) found that the majority had been established in the 1970s. Moreover, five were found to be revitalized efforts of earlier years.

During the 1970s, the number of area labor-management committees increased to just over 20. Although several communities—Toledo, Ohio (1945) and Louisville, Kentucky—already had such committees, it was the success of the Jamestown, New York committee (1972) which drew significant attention. The increasing use of areawide labor-management committees represents the development of an important new institutional arrangement in industrial relations.

There is no precise way of knowing how many Scanlon, Rucker, and Improshare Plans, profit-sharing plans, quality circles, or quality of worklife programs have been instituted. However, a 1982 survey by the New York Stock Exchange (NYSE) highlights the growth of workplace changes. The NYSE (1982) study was based on a sample of 49,000 corporations with one hundred or more employees. The study reported the “most rapidly growing human resource activities over the past two years” (p. 26). Over the two-year reporting period, the following efforts were initiated: 74 percent added quality circles, 36 percent job design/redesign, 30 percent group incentive plans, and 29 percent production teams. There is other qualitative evidence which strongly suggests increasingly widespread use of these cooperative strategies. First, there has been overwhelming attention in the popular press to companies with quality circles, gainsharing programs and quality of worklife efforts. *Business Week* titled its special report on these efforts “The New Industrial Relations.” Second, there is evidence that the use of these strategies has spread from the traditional manufacturing sector into the service and public sectors. Finally, there have been several important national bargaining agreements (for

example in auto, steel, and communications) which encompass one or more cooperative strategies.

These efforts have taken on a new sense of urgency and importance as demonstrated by the recently enacted Labor-Management Cooperation Act (LMCA) of 1978 [29 U.S.C. 1975(a)]. The LMCA is designed to encourage plant, area, and industrywide cooperative union-management efforts to:

- (1) improve communication between representatives of labor and management;
- (2) provide workers and employers with opportunities to study and explore new and innovative joint approaches to achieving organizational effectiveness;
- (3) assist workers and employers in solving problems of mutual concern not susceptible to resolution within the collective bargaining process;
- (4) study and explore ways of eliminating potential problems which reduce the competitiveness and inhibit the economic development of the plant, area, or industry;
- (5) enhance the involvement of workers in making decisions that affect their working lives;
- (6) expand and improve working relationships between workers and managers; and
- (7) encourage free collective bargaining by establishing continuing mechanisms for communication between employers and their employees through Federal assistance to the formation and operation of labor-management committees.

The Federal Mediation and Conciliation Service (FMCS) has been empowered to provide financial and technical assistance to aid companies and unions in this process. Limited amounts of funds have been allocated by the FMCS,

most of it going to support area labor-management committees.

Three studies by the United States General Accounting Office (GAO) also underscore the potential importance of this subject. The first GAO (1980a) study criticized the now defunct Council on Wage and Price Stability for its failure to promulgate an exemption to its compensation standards for pay increases associated with productivity-sharing plans such as Scanlon, Rucker, and Improshare.

The second study (GAO 1980b) criticized the United States Department of Labor for not having expended resources or provided sufficient leadership to encourage improvements in workers' productivity in the private sector. The GAO recommended that the Department of Labor develop programs and encourage human resource efforts to improve productivity. Finally, the third study (GAO 1981) of productivity-sharing plans found that they had had a positive impact on organizational productivity as well as improving labor-management relations, reducing absenteeism, turnover, and grievances.

In September 1982, the U.S. Department of Labor, in a departure from past policy, announced the formation of a new division, the Cooperative Labor-Management Programs Division, to encourage shop floor cooperation. The initial mission of the Division will be limited to the gathering and dissemination of information. Yet, this represents a first step in federal recognition and support for change at the workplace.

It is somewhat paradoxical that the increase in cooperative activity in the United States comes at a time when relations between the labor movement and employers at the national level have been strained. Increased employer aggressiveness in political activity and at the workplace, as well as an anti-union administration in Washington, have caused this rift.

In the political arena, employer lobbying resulted in the defeat of Common Situs Picketing and Labor Law Reform legislation. Both of these bills were actively sought by the labor movement. At the workplace there has been increased management opposition to union efforts to organize non-union operations, as well as increased efforts to decertify existing unions. In collective bargaining, management demands for concessions on wages and work rules have been widespread.

The apparent dichotomy between conflict at the national level and cooperation at the plant level can be explained by the strong stimulus for change being created by the harsh economic environment faced by many firms, thus providing the requisite stimuli to shape local collective bargaining relations, national activity notwithstanding.

Union and Management Attitudes Toward Cooperation

Large scale studies of union and management attitudes toward cooperation have not been undertaken. Two studies, however, one by Kochan, Lipsky, & Dyer (1974) and another commissioned by *Business Week* ("Concessionary Bargaining" June 14, 1982) and conducted by Louis Harris & Associates do provide some evidence of attitudes toward cooperation. The Kochan, Lipsky & Dyer study surveyed a sample of local and district level union leaders as well as stewards and committee members. Their results are summarized in table 1-1.

Union activists were found to support cooperative strategies on some workplace issues. The respondents were questioned as to their rating of the effectiveness of collective bargaining in handling 13 work-related issues. The majority of the respondents indicated that collective bargaining was "somewhat helpful" or "very helpful" in resolving issues related to fringe benefits (91 percent); earnings (90 percent); job security (80 percent); grievance procedures (76 percent);

Table 1-1
Union Attitudes Toward Cooperation

Issue	Respondents' ratings of effectiveness of collective bargaining		Respondents' opinions about "best way" to deal with issues		
	Not very helpful/ not helpful at all	Somewhat helpful/ very helpful	Set up a joint program with management	Seek improvements through formal bargaining	Should not get involved
Interesting work	74.5	25.5	67.8	16.3	15.9
Supervisors	68.9	31.1	65.6	19.3	15.1
Control of work	67.3	32.7	53.8	26.9	19.3
Productivity	61.7	38.2	51.2	25.1	23.7
Better job	63.0	37.0	38.4	43.6	18.0
Adequate resources	57.7	42.3	60.6	21.2	17.8
Work load	54.5	45.5	43.8	42.3	13.9
Hours	41.8	58.3	31.1	65.6	3.3
Safety	35.1	64.9	41.1	56.5	2.4
Grievance procedures	24.1	75.8	32.7	67.3	0.0
Job security	20.2	79.8	12.2	85.9	1.9
Earnings	10.4	89.6	5.6	93.9	0.5
Fringe benefits	9.5	90.5	4.2	95.5	0.5

Adapted from Kochan, Lipsky & Dyer (1974).

safety (65 percent); and hours (58 percent). At the same time collective bargaining was found to be “not very helpful” or “not helpful at all” in addressing interesting work (76 percent); supervisors (68 percent); control of work (67 percent); productivity (62 percent); better job (63 percent); adequate resources (58 percent); and work load (55 percent).

The respondents were then asked what the “best way” was to deal with the issues. More than half the respondents would “seek improvements through formal collective bargaining” for issues of fringe benefits (96 percent), earnings (94 percent), job security (86 percent), hours (66 percent), grievance procedures (67 percent), and safety (57 percent). However, there was a distinct preference for setting up “a joint program with management outside collective bargaining” for interesting work (68 percent), supervisors (66 percent), adequate resources (61 percent), control of work (54 percent), and productivity (51 percent). Only on the issue of work load did the respondents split (44 percent for joint program, 42 percent through collective bargaining). These results were replicated by Ponak and Fraser (1979) on a sample of Canadian trade unionists with similar results.

According to the union activists, collective bargaining was viewed as effective in resolving more traditional issues—wages, fringe benefits, and grievances. Thus, there was less preference for collaboration with management. Collective bargaining was viewed as less effective in resolving issues related to productivity and the quality of worklife and there was greater interest expressed in pursuing joint programs. Although clear policy preferences emerge from this study, it is difficult to ascertain whether these differences are translated into practice.

At the national level, union officials have spoken out on the issue of cooperation with varying degrees of enthusiasm. Glenn Watts, president of the Communications Workers Union of America is a proponent of cooperation. He states:

Labor is concerned with the development of democracy in Industry. The collective bargaining process will always be the foundation of industrial democracy; but QWL gives us the tools to build higher than we ever have before.

For our Members, QWL has provided one of the most important benefits of all—the chance to be treated with dignity and have a voice on the job.

. . . through QWL, we are extending our influence into the murky territory of ‘management prerogatives,’ helping to shape management practices and policies while they are being formed rather than after the fact. (Watts 1982)

Thus, consistent with the views of local activists, Watts sees cooperative strategies as supplementing union efforts through collective bargaining and being primarily responsive to nontraditional issues such as the nature of the work and the relationship between supervision and workers.

A different view of QWL programs was recently taken by George J. Poulin, general vice-president of the International Association of Machinists and Aerospace Workers (Poulin 1982). An extensive portion of his statement is reproduced here because it reflects a view of cooperation that has not received sufficient attention.

If the shop floor people are so vital in achieving management’s goals—in providing the benefits just listed [improved worker job satisfaction, improved product quality, reduced unit labor costs by increasing productivity]—then why in the hell hasn’t management recognized our vitality, until now?

All of a sudden, why is it that we start sharing in decisions?

Our quick answer is that management has often made such a mess of things, they want to share the blame. They come to us, *after* they've screwed up.

A second answer is that management wants to make a change in production planning or process, or it wants to introduce some new technology—either or both of which will shove some of us out the door onto the unemployment line—and it wants to con us into helping get the job done.

A third answer is management simply wants more production—more work—from the same or fewer workers. In other words, a speed up.

But a fourth answer is more likely the real answer: To undercut the union; to use up its duties and powers and responsibilities; to make it seem unnecessary and ultimately put it out of business; to take control of workers away from the bargaining agent and put in the grip of management itself.

Poulin argues that the goals of QWL programs can be accomplished through the existing collective agreements.

It is too early to determine whether the Watts or Poulin view best describes the eventual outcome of cooperation. It will take more time, experience with cooperation, and evaluation research to determine whether meaningful change has come about from cooperation and whether cooperative strategies have enabled unions to better represent their members. For the time being, however, cooperative strategies continue to increase, but the future will be largely determined by the manner in which the parties manage the current level of cooperation.

Management attitudes toward cooperation were assessed in a survey of more than 400 “high-level executives” of large companies reported by *Business Week* (“Concessionary

Bargaining” 1982). Executives were asked whether they would like to see a return to traditional bargaining once the economy became healthy or whether they would prefer giving unions and workers more say in company operations if employee compensation were tied to company performance. Overall, 50 percent of the executives would opt for greater union and employee involvement. The complete results of the survey, along with a breakdown by the extent of unionization and industry, are presented in table 1-2.

Heavily unionized companies were more likely to favor employee participation than firms which have experienced unionization to a lesser degree. The number favoring participation increased from 42 percent to 58 percent as the degree of unionization in the company increased from 40 percent or fewer to more than 70 percent of employees. There were also differences among various industry groups with utilities (87 percent) and electrical (73 percent) most heavily favoring cooperation and natural resources (27 percent) and retail (25 percent) least likely to prefer cooperation.

Although not a pure indication of management preference, the data still suggest a change in traditional management attitudes. When combined with the growing emphasis on employee involvement strategies discussed in the previous section, it must be concluded that a significant shift has occurred in management’s approach to workplace collaboration.

Structure of the Book

The main body of this monograph is organized into six chapters. Chapter 2 presents an overview of theories and models of cooperation and change in unionized settings. The overview is followed by the models employed to guide this research, the specific research issues treated, and the justification for each aspect of the study. Chapter 3 provides

Table 1-2
Management Attitudes Toward Cooperation

	Size of company			Unionization			
	Total	Top third	Middle third	Bottom third	1 - 40%	41 - 70%	71 - 100%
Total answer	427 100%	136 100%	144 100%	138 100%	198 100%	110 100%	107 100%
More of say for unions and workers	211 50%	68 50%	67 47%	70 51%	83 42%	61 56%	62 58%
Traditional adversary relationship	146 34%	38 28%	52 36%	54 39%	80 40%	30 27%	33 31%
Not sure	70 16%	30 22%	25 17%	14 10%	35 18%	19 17%	12 11%

	Industry group								
	Banks	Electrical	Food	Misc. manu.	Retail nonfood	Service ind.	Textiles	Utilities	Natural resources
Total answer	-- --	11 100%	26 100%	44 100%	16 100%	43 100%	12 100%	8 100%	22 100%
More of say for unions and workers	-- --	8 73%	10 38%	24 54%	4 25%	23 53%	6 50%	7 87%	6 27%
Traditional adversary relationship	-- --	3 27%	12 47%	10 23%	10 62%	14 33%	5 42%	1 13%	11 50%
Not sure	-- --	-- --	4 15%	10 23%	2 13%	6 14%	1 8%	-- --	5 23%

SOURCE: Unpublished data provided to the author by *Business Week*.

a detailed presentation of the research design, measures of study variables, and analytical techniques employed, as well as a summary of the characteristics of the research sites and methodological findings. Chapters 4-6 present the findings from this research. Chapters 4 and 5 are, of necessity, more qualitative and descriptive, while chapter 6 includes both quantitative and case study evidence. Chapter 4 describes the structural characteristics of the six types of interventions studied. This includes not only the findings from the immediate work, but also draws from the literature to provide a more thorough overview. Chapter 5 deals with the results of the process leading to cooperation and some of the conditions necessary to implement and maintain a cooperative program.

In chapter 6, the results of the analysis of performance at the research sites are presented. Although the type and duration of the data on each site varies, there is a substantial amount of data on productivity and employment and lesser amounts on quality, turnover, absenteeism, and grievances. Some of the time-series data sets on these variables are as long as eight years, making this the first truly longitudinal study on this subject matter. Chapter 6 also includes 11 case studies which serve to highlight significant issues involved in the practice of cooperative union-management relations. In chapter 7, a summary of the research methodology and the findings is offered, along with a future research agenda.

NOTES

1. One of the most comprehensive works on cooperation and change is by Irving H. Siegel and Edgar Weinberg, *Labor-Management Cooperation: The American Experience*. Kalamazoo, MI: The W.E. Upjohn Institute for Employment Research, 1982.
2. In recent years, productivity-sharing plans have oftentimes been referred to as gainsharing plans. The terms are used synonymously.
3. Most readers will be familiar with these six types of interventions. Those readers wishing more information on the types of programs studied should refer to chapter 4.