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## Case Study Methodology

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# 4

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This chapter will address the methodology used in the four case studies presented in the following chapters. As this was a study of the relationship among collective bargaining, employment protection/creation, and firm competitiveness, it was our initial view that the case study methodology should take into account all three major components to the extent possible. The review of the literature suggested, however, that formal, negotiated job protection was fairly rare in the collective bargaining system in the United States. Therefore, while we examined the extent of formal job security guarantees, we did not expect to find this a common occurrence.

In carrying out the case studies, we did not explicitly address the concepts discussed in Chapter 1, i.e., individualism, property rights, and transaction or value-based employment, as these concepts are embedded in the very nature of employment. Rather, our interest was in seeing how these concepts were manifested in the relationship as the parties attempted to address the goals of competitiveness and job security. Individualism is not seen in these case studies, because these are employment relationships that are collectivized. But property rights and transaction or value-based employment are the essence of these case studies, as will be discussed.

### FRAMEWORK

The importance of property rights in the United States results in a highly decentralized system of collective bargaining. Public policy permits firms and unions, with firms generally being the more influential party because of property rights and their control of resources (Block 1990), to determine the type of collective bargaining system they wish. Bargaining outcomes, defined as wages, hours, working conditions,

and the processes through which employers and unions interact, are determined at the level of the bargaining relationship.<sup>1</sup>

Because of decentralization of bargaining in the United States, we chose to focus the study at the plant or site level. Consistent with an industrial relations system approach (Dunlop 1958), we examined the parties' collective bargaining response to job protection/creation and competitiveness as the outcome to be examined. Because these were plant-level case studies, we focused on the two contextual constraints that would be most relevant at the plant level: the technological characteristics of the workplace and the market constraints, both key determinants of employment in a system of value-based jobs. Government, both as an actor in the system and as creator of constraints, plays a secondary but not unimportant role. At the plant level, the impact of government is felt not as a component of the locus of power in society or as an actor in the system, but as part of the competitive environment through policies that affect how business is conducted.

Using the Kochan, Katz, and McKersie (1986) framework, the focus of this study is at the workplace tier—the lowest-level tier—of the three-tier system. It may be expected, however, that there will be occasional interaction between the workplace tier and the two higher-level tiers, the strategic policy tier at the top and the collective bargaining/human resources policy tier in the middle. It is likely that bargaining structure matters; therefore, interactions between the workplace level and the two higher levels would be expected to be greater in a relationship that is part of a multisite bargaining unit than a relationship that is a single-site bargaining unit.

The most salient feature of the U.S. industrial relations system is the structured, written, legally enforceable, fixed duration collective bargaining contract. Crucial to this research was an examination of the traditional view that the collective agreement was the key component of the collective bargaining system in these facilities. A widely held view is that the collective bargaining agreement contract, with its inherent inflexibility, is a substantial impediment to firm competitiveness because it fails to adjust the employment bargain to market changes in a timely manner. If parties believed that these agreements served a useful purpose but at the same time were an impediment to desired flexibility, then flexibility could be obtained in the presence of

a formal agreement by informal, extracontractual, unwritten, and legally unenforceable arrangements.

If many of the important innovations occurred outside the collective bargaining agreement, it would suggest that the U.S. collective bargaining system is far more flexible than might otherwise be recognized. It would also suggest that the focus on the collective agreement as the major characteristic of the collective bargaining system would be too narrow an approach to understand the true nature of the collective bargaining system, at least at these sites.

Thus, a key component of this study was to determine whether the parties established extracontractual structures for competitiveness and job protection, and if so, to describe them. If these structures existed, we also asked why they were created and whether competitive pressures may have had an effect on the nature of these structures.

## **METHODOLOGY**

As noted, the basic methodology was the case study. The three key components of a case study are the selection of the sites to be studied, the nature of the data collected at the site, and the data collection procedure. Each of these will be examined.

### **The Sites**

Site selection was based on the nature of the research needs, constrained by access. With respect to the nature of the research, we attempted to obtain sites that represented a range of businesses/industries, product types/production processes, and competitive environments to permit us to make reasonably generalized inferences. While we also hoped to attain some geographic variability within the sample, given globalization of the markets for many products produced in the unionized sector, this factor was given only secondary importance in site selection.

Access, of course, was essential. Inquiries were initiated based on the above criteria through contacts developed through the School of Labor and Industrial Relations at Michigan State University. We initi-

ated contact with six firms, four of which agreed to participate. The participants were informed that the research was commissioned by the International Labor Organization (ILO), and the parties would have the right to review and comment on the report prior to submission to the ILO. Although the parties were given the right to keep their identities private, none opted for confidentiality.

Ultimately, we obtained access at four sites: Alcoa and United Steelworkers of America Local 4895, Rockdale, Texas; General Motors and United Automobile Workers (UAW) Local 652, Lansing, Michigan; Lear Corporation and UAW Local 1660, Elsie, Michigan; and Sparrow Health Systems and the Michigan Nurses Association, Lansing, Michigan. The sites, with their associated business characteristics, are listed in Table 4.1.

The sites represent a range of products, production processes, and market constraints. While each of these will be described in detail in the respective case studies, even this brief overview indicates that we were successful in obtaining sites that represented a range of production processes, product types, and market conditions. None of the sites are similar on these three dimensions.

On the other hand, we were less successful in obtaining geographic diversity. Three of the sites are in central southern Michigan. Two sites, General Motors–UAW Local 652 and Sparrow–Michigan Nurses Association, are in the same city, Lansing, Michigan. A third site, Lear Corporation–UAW Local 1660, is only 35 miles north of Lansing. We do not believe, however, that this geographic uniformity unduly compromises the generalization of the study. As will be seen, the GM–Lansing facility produces autos for an international market. Its unique characteristics are not due to its geographic location, but rather to its industrial history. Lear, as an auto supplier, is representative of auto suppliers, which tend to be concentrated in geographic areas proximate to automotive assembly plants, such as Michigan. Sparrow is subject to the same pressures as other health care organizations. Put differently, only Sparrow serves a primarily local or regional market, and servicing such a market is characteristic of health care organizations.

**Table 4.1 General Characteristics of Sites in Study**

Site	Product and process description	Product type	Market constraints	Location
Alcoa and United Steelworkers of America, Local 4895	Basic manufacturing (aluminum)	Commodity	Competitive global market, discrete number of potential customers; competitive oligopoly in product market	Rockdale, Texas
General Motors and UAW Local 652	Heavy assembly (automobiles)	Differentiated product	Internal choice within corporation for production; millions of potential national (and international) customers for product; competitive oligopoly in product market	Lansing, Michigan
Lear Corporation and UAW Local 1660	Light to medium assembly (motor vehicle parts, seating systems)	Moderately differentiated product made to customer specification	Discrete number of potential customers for product (oligopoly); competitive oligopoly in product market	Elsie, Michigan
Sparrow Health Systems	Health care (inpatient and outpatient services)	Service	Local/regional product market; limited number of competitive providers; choice generally made by third party (physician)	Lansing, Michigan

### Nature of the Data to be Collected

The data collected were a mix of qualitative and quantitative data on collective bargaining at the site. The qualitative data were primarily a description by the parties of vehicles created by their collective bargaining systems to address issues of job protection/creation and competitiveness, the outcomes of the system. There was a focus on contractual structures, noncontractual formal structures, and informal programs. This was supported by obtaining descriptive contextual data on the nature of the production process (technological constraints) and the market constraints facing the site.

We also collected such basic quantitative data on employment trends since 1980, investment history, age of the facility, and numbers of strikes. While employment trends might be considered to be a key indicator of the extent to which the collective bargaining relationship has addressed employment protection and creation, one must be careful not to overinterpret the quantitative data based on a case study. We are unable to control for the other factors that may also affect employment. For example, employment may fall at a site because of declining industry demand, declining firm demand, or technological change, all factors that are largely independent of collective bargaining. It may be, however, that the collective bargaining system caused employment losses to be less than they would otherwise be. In such a case, collective bargaining protected jobs in an environment of declining employment. Strike incidence could be the result of a conflicting relationship between the parties at the plant, or of decisions made at higher levels of the company and union.

Given the variation in the case studies, the researchers did attempt to develop a definition of competitiveness to be imposed on the case studies. It was our expectation that each site would define competitiveness in its economic and market context. Competitiveness might be defined as a continually increasing market share in a growth industry; in a contracting industry, competitiveness might be defined as continuing existence.

### **Data Collection**

Data collection was based on a structured interview from a generalized protocol, which attempted to learn about the interaction of collective bargaining, job security/creation, and competitiveness at the site. That general protocol is attached as an appendix to this chapter. Questions were also asked about the collective bargaining agreement. In addition, however, the researchers were given the flexibility to probe through the questions when the interview responses made it clear that the protocol may not capture the important components of the collective bargaining relationship. As the study attempted to gather data on the overall relationship, the researchers interviewed the key company and union officials who were responsible for the collective bargaining relationship. The number and identity of company and union

officials were determined by each of the parties. The interviews were done in individual and group settings within parties, depending on the preferences of the parties. Any inconsistencies between the company and union officials were reported.

Most of the interviews occurred in 1999, during an upswing in the business cycle. Thus, the study takes the reader through the difficult economic period of the 1980s through the improved economic times of the 1990s. We do not consider the effect of the recent economic downturn.

### Note

1. This differs from the situation in many European countries, for example, where employer associations and high-level union organizations, occasionally with government involvement, agree on minimum terms and conditions for all firms and employees covered by the association and the union.

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# Appendix

Date \_\_\_\_\_

Site \_\_\_\_\_

Interviewees: Name \_\_\_\_\_

Organization \_\_\_\_\_

## **Tentative Structure of Site Visit Protocol for ILO Study**

### **Michigan State University/ILO Study on Collective Bargaining, Employment Protection/Creation and Competitiveness January–March, 1999**

#### **Cluster I: Background of Plant and Local Union**

##### **A. Current situation**

Product

Major customers

Current employment level

Supervisory

Hourly

P&M

Clerical

Others

##### **B. Plant history (since 1980)**

Product history and current product

Ownership history

Age of the plant/Greenfield or Brownfield

Collective bargaining/relationship history

Employment trends

Investment history

Expansions

Turnover in plant management

Local union history

Age of local

Mergers of locals?

Change in international?

Relationship history

No. of strikes

Characterization by parties

Conflictual, adversarial, cooperative, collaborative

Third party involvement?

**Cluster II: Competitive Pressures**

When did you feel that your competitive environment had changed or that union members were faced with a new and different kind of threat to job security? These are distinct from the normal variations in employment and product demand associated with the business cycle.

What happened in your environment that sent you this message?

**Cluster III: What Did You Do in Response to These Pressures?**

- A. We are looking for three basic types of responses/actions, etc.
  - Changes in contract language
  - Creation of formal structures that were not included in the contract
    - Structures that operate regularly or on a recurring basis with specified systems
    - Informal actions and programs
    - Ad hoc, nonrecurring actions the parties took
- B. What did you do and why did you do it?

**Prototype Classification System**

Action	Type	Competitiveness	Job Prot./Creation	Both
(Example) Wage freeze	Contract	x		
(Example) Layoff restrictions	Contract		x	
(Example) Productivity committee	Noncon. structure			x
(Example) Joint approach on tax abatement	Ad Hoc			x

Ask about the following if not mentioned:

- Wage freeze
- Reduced classifications
- Early retirement/attrition
- Different layoff system
- Outsourcing: restraints or removal of restraint
- Reduction in hours
- Wage reductions
- Two-tier wage system
  - Length of time to convergence?
- Lump-sum payments (in lieu of wage increase)
- Neutrality pledge (for other plants)
- Retirement/new hire ratios
- Performance-based pay
  - Profit-sharing
  - Gain-sharing
  - New incentive systems
- Investment in plant
- ESOP
- Creation of new structures
  - Parallel union management structures for special purposes
  - Task forces
  - Committees
  - New methods of negotiating
  - Changes in processing grievances
  - Jointly approaching government officials for aid (e.g., tax abatements)

Anything else?

- C. Think about the things you did. Did you explicitly consider some types of actions and decide not to undertake those? Why did you choose actions you chose and reject the actions you did not choose?
- D. What was the source of the change mechanism, e.g., how did you come to be aware of the possibility that these actions existed?
  - Self-generated from people at the plant based on the relationship and experience (type of continuous improvement model)
  - Formal experiments with evaluation
  - Informal experiments (trial and error)
  - Learning from others, but on your own (benchmarking)

Learning from experts  
Private consultants  
Books  
Videos  
Universities  
Seminars and conferences  
International union  
Corporate staff

**Cluster IV: Results**

Did the changes achieve their desired objectives?  
How do you know, what measures do you use?  
Were there any unforeseen consequences?  
Is there anything else you want to tell us that will aid in understanding  
your case?



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