

The Grain Millers' Role in Creating Labor/Management Partnerships For New Work Systems

A STATEMENT OF POLICY AND GUIDELINES FOR LOCAL UNIONS



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INTRODUCTION

The following material is intended to make local union leaders as knowledgeable, if not more so, as their managers about business strategies that companies can use to meet current and future competition. In particular, it describes the concept of labor/management partnerships to create a “new work system” (NWS) as the one strategy that combines appreciation for the abilities and experience of workers, respect for the importance of the union and a high probability of success.

The contents are designed to help local unions be a true partner with management in companies that earn partnership and a solid and successful opponent to companies that want to weaken or circumvent the union.

In either case, the material will help educate union members about why the union has taken a particular stand, and why, when there is a membership vote, union leadership supports a particular position.

The contents are based on these principles:

1. Any change or improvement effort will fail in the long-run without the real and meaningful empowerment of workers and the equally real involvement of their union in every phase of the effort.

2. A company that seeks improvement in its operations needs to address four areas of interest and concern to workers: their skills, understanding, opportunities and rewards.

3. Unions are capable of performing as equal partners with management, sharing responsibility for the design and implementation of comprehensive and innovative work systems.

4. Union leaders must re-think the traditional role of the union in its dealings

with management if it is to understand the change in the role of a union and its leaders in a new work system.

5. Efforts that ignore or avoid the union are a danger to the union and should be altered to involve the union or opposed if a partnership is rejected by management.

6. Every effort to improve a company’s effectiveness, whether in quality or cost of product or productivity is unique and must reflect the particular needs of the company and the union. There is no one way to do things.

The analysis begins with a look at the world in which the members of the AFGM work and how that world has changed in the last twenty years. It is followed by the Grain Millers’ position on how labor should respond to these trends, particularly the challenge of global competition.

It continues with a lengthy description of all the elements that can comprise a new work system and what they mean for workers and unions. In addition to the virtues of a new work system, some words of caution are offered.

In the next section, the union’s role in new work systems is examined in depth.

Next, there is a plan for approaching management about NWS, to insure that managers understand what the union’s role

should be. It includes a sample letter of agreement that can be used in negotiations.

For those cases in which a company opposes union involvement, an action plan for the union is provided.

Another section describes what labor critics of employee participation have to say. Their concerns are legitimate and much of their advice is reflected in the material.

The analysis concludes with a resource bibliography for further information on the changing economy, new work systems and the role of unions.

**IF YOU HAVE ANY QUESTIONS
ABOUT HOW TO USE THIS BOOK
IN YOUR LOCAL UNION, CONTACT
YOUR REGIONAL VICE
PRESIDENT.**

THE WORLD IN WHICH WE WORK

Members of the American Federation of Grain Millers work in a world that has changed enormously in the last two decades. We live in a world economy which is fiercely competitive, where the competition is endless and constant, and from which we cannot escape.

The changes that have occurred can be summarized in five “basic trends”:

- Global Competition
- Technological Revolution
- Deregulation
- Excess World Production Capacity and Supply of Basic Goods
- Changing People, Values and Demographics

No one can or will stop these trends, or the restructuring of our world. But any business that wants to thrive, stay competitive, or just simply survive in the years ahead must take note of them, and consider their implications. Any union that wants steady employment and decent treatment for its members must deal with them. And any worker who wants to understand the forces that shape his or her working life must understand them.

Global competition

Foreign imports and foreign ownership are the most obvious indicators of how competition against the U.S. markets has gone global in the past two decades.

1. Steel. Foreign imports account for over 20% of the steel consumed in the U.S. today, compared to 13.5% in 1975. In the mid 1980s, before government Import restrictions went into effect, foreign competition had a 26.4% share of the U.S. market for steel. That translated into the loss of nearly 450,000 jobs.

2. Autos. Japanese auto makers took 34% of U.S. car sales in August, 1990, a record that for the first time exceeded GM’s market share. The Japanese share of the U.S. market over the first 8 months of 1990 year averaged 30%, up from 25% for the same period in 1989.

3. Textiles. During the 1980s, imports of yarns, fabrics, and clothing rose 184%. Foreign competitors have taken 40% of the market share in the U.S., at a cost of 800 closed textile mills and 1 59,000 jobs.

4. Consumer electronics. All American consumers know that few, if any, consumer electronics such as VCRs, stereos, etc. are made by American companies.

The list of industries which lost significant market share to foreign

competitors could fill up several pages and still not mention the foreign competitors who no longer export their goods to the U.S., but make them right here.

1. Tires. Firestone, Armstrong, Uniroyal/Goodrich and General Tire have all been purchased recently by foreign companies. 40% of all tires made in the U.S. are made by foreign-controlled firms.

2. Televisions. Nearly all the TV sets sold in the U.S. are made in the U.S., but by foreign-owned companies. RCA and Magnavox are both owned by French and Dutch companies, respectively.

3. Chemicals. German, Italian, French and Japanese companies purchased U.S. chemical manufacturers in the 1980s. Forty-five percent of U.S. chemical workers are now employed by foreign-owned firms.

4. Food Processors. Even the food processing industry saw foreign-owned takeovers: Grand Metropolitan of Great Britain bought Pillsbury, and Nestle of Switzerland bought Carnation.

At the same time. U.S. companies are expanding overseas. General Motors and Ford earn the largest share of their profits from overseas sales. ConAgra. Philip-Morris and Pepsi-Co all purchased foreign food operations during the 1980s. General Mills entered into a joint agreement with Nestle in Europe, and has jointly purchased a British cereal company with Nestle.

Events overseas are likely to make the global competition even more intense.

- When they integrate their markets in 1992, European countries will lower the trade barriers and other restrictions which make them uncompetitive.

- Eastern Europe is beginning to modernize and will eventually increase trade with the West.
- GAIT and other world-wide trade agreements are trying to make the flow of goods and commodities between countries less restricted.
- Mexico is entering into free-trade talks with the U.S. and Canada which could ease trade barriers in both directions.

The bottom line is that competition from foreign sources, whether imports or products made right here in the U.S., will continue to grow.

Technological Revolution

The continual change and instability in the business environment can be attributed in great measure to the breathtaking pace of technological advance. Technologies used in products and processes change in months and years rather than decades. Personal computers are out of date almost as soon as they are marketed. Digital recorders (optical disks) will probably replace CDs which replaced cassettes which replaced records.

Automated production processes reduced the manhours to produce and ship a ton of steel by 50% over 1982. Advances in computerized control systems are making it easier to move a product from the drafting board to the production floor. Westinghouse uses such "expert systems" to automatically generate the instructions for production. This chopped the lag from design to production down to 1 day from 36 days.

Information processing technology continues to improve. As it improves, it puts new pressures on manufacturers.

Grocery stores are using checkout scanners to see how well a brand of cereal is

Breakthroughs in biotechnology and molecular engineering may have significant impact on the food processing industry.

selling, and what kind of profits it generates. If a product does not sell well and turn a good profit, the grocer will pull it from the shelf.

Breakthroughs in biotechnology and molecular engineering may have significant impact on the food processing industry. A bioengineered cheese enzyme may replace rennet and speed up the cheese making process. A synthetic fat has been developed which is already appearing in cold foods, like ice cream. Another company is trying to come up with a synthetic, no-calorie fat which can be used in baked products. These technologies could give a food processor an incredible edge over the competition.

Developments in food packaging, like in biotech, will give those companies that create them a competitive advantage. MAP, or modified atmosphere packaging, allows fresh foods to last longer under refrigeration. Sous-vide methods allow someone without much culinary skill to prepare complicated dishes or meals that have already been partially cooked and sealed in a vacuum. Aseptic packing allows foods that are not shelf stable to last longer in the grocery store.

In the food industry, technological changes boil down to shorter product life cycles and an explosion of new products. In 1989, over 9,820 new food products were introduced, a 20% increase over 1988 and a 25% increase over 1987, even though shelf space is not growing, and people are not eating more.

Deregulation

The trend toward deregulation, both at home and abroad, has also increased the sheer numbers of competitors in the marketplace. Financial, transportation and communications industries were all deregulated during the 1980s.

While there have been some benefits from deregulation, the unwillingness of government to properly oversee entire industries has created pain and hardship for millions of Americans and Canadians, especially workers at companies such as Air Canada, Eastern Airlines and Pan Am. Workers in the construction industry, which depends on the good health of our financial institutions, have also been hit hard by deregulation.

When the transportation industry was deregulated, shipping by railroad became much less attractive, and shipping by truck much more so. At the beginning of the 1980s, General Mills, for instance, shipped 95% of its product by rail. Today, it ships 95% of its product by truck.

The deregulation of the communications industry spawned many competitors for AT&T -- MCI, Sprint, etc.

When the federal government deregulated the financial industry, saving & loan companies benefitted because they were able to offer much higher rates of

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return on investments than previously allowed. Unfortunately for all of us, that not only meant more competition for the banks, but the collapse of real estate markets and many S&Ls as well.

Deregulation of financial markets world wide – a likely result of the integration of the European countries in 1992 – will probably lead to another kind of global competition in the 1990s – for investment capital. It may cost a company more to modernize plants, do product research and development, or build a new facility than ever before because U.S. companies are competing in a global capital market. Investors will put their money where the greatest rates of return are, and they are likely to be in the European Community, Eastern Europe, or the Far East, not in Ontario, California, Minnesota or Illinois.

Excess World Production Capacity and Supply of Basic Goods

Another of the new economic realities of the last two decades of the 20th century is the persistence of excess industrial production capacity and supply of basic goods. The reasons are many, including improving technologies, deregulation, and the entrance of many Third World nations into the ranks of industrialized societies.

Excess production capacity usually results in a company, or a nation, exporting products or goods it cannot sell at home. The increased competition that results in the global marketplace often lowers prices, profits, and wages. Excess capacity problems were part of the steel industry's woes in the early 1980s. Over the decade, U.S. steel-making capacity declined 25%. But overall world production capacity rose 10%.

Auto-makers are also plagued by excess production capacity. Ford Motor Co. estimates 20% excess auto-making capacity world-wide. U.S. automakers have idled 3% of their capacity over the past decade. Even so, the Japanese are building new assembly and manufacturing plants in the U.S. and Canada.

High tech industries, too, have suffered from excess capacity, particularly the semiconductor industry. National Semiconductor shut down several plants overseas and laid off 4,000 employees in 1990.

There is also an excess supply of food stuffs, such as wheat and rice. Thanks to mechanization, pesticides, fertilizers and improved practices, the wheat harvest in Kansas hit an all time high in 1990. But farmers' export markets have shrunk: the USSR is nearly self-sufficient and Iraq has been cut off from world markets. When bumper wheat crops from other countries

are added to the supply, lower wheat prices are the result.

Demographics

The last trend is demographics. “Demographics” is the study of social and cultural patterns in the population. It includes such things as levels of education in different economic brackets or different regions; changes in how or where people choose to live; and population growth or decline for various ethnic groups or age groups.

Changes in demographics have a significant impact on the consumption of goods. Companies make decisions about where to expand their facilities or build new ones based in part on these factors. They also make decisions about closing plants.

There are several demographic trends which bear watching.

1. The population growth in the U.S. is slowing. In the 1950’s, it gained 1.85% yearly. In the 1980’s, it gained only 1.00% yearly, and it will grow even less in the 1990’s.

As a result, the workforce is growing more slowly. The number of people out there buying products is also growing more slowly.

2. The population of the U.S. is aging. The median age in 1980 was 30.0. The projected age in the year 2000 is 36.3.

As a result, both the average person in the workforce and the average consumer are becoming more middle-aged.

3. More women are entering the workforce. What growth there is in the workforce will come mostly from women. 63% of all new entrants into workforce in the year 2000 will be women.

4. The West Coast, Arizona, Texas, and Florida will have the greatest population growth between now and the year 2000 (due mostly to immigration). North Central and Northeast will have population declines (or at best, stable populations).

5. And finally, people’s consumption patterns are changing -- because of time pressures, health consciousness environmental consciousness, and the sum of the demographic trends above.

- Fewer people skip breakfast -- only about 7% as compared to 12% 5 years ago.
- The 6-55 age group (or their parents) are more conscious of health. Consequently they like high-fiber and bran cereals, but use less sugar.
- Snacking patterns change as the numbers of two-worker families grow. The typical family today eats together only 19% of the time.

An illustration of the amount of demographic change in the future comes from the Department of Labor’s Bureau of Labor Statistics:

- In 1975, the average person would change careers between one to two times in lifetime and jobs between four to five times;
- By year 2010, will change careers between four to five times and jobs approximately ten times!

Demographic changes have implications for both the marketplace and the workplace. In the workplace, the demographic shifts mean:

- a shrinking labor pool,
- higher labor costs in the form of higher wages, benefits and pensions,

- increasing competition at the top of the organization for advancement and higher level jobs, and
- a greater emphasis on flex-time and part-time work and quality day care.

In the food marketplace, which most affects AFGM members, the changes add up to:

- fewer people to buy, but
- more disposable income with which to buy,
- greater demand for convenience products, and

- greater emphasis on healthy, nutritional, and environmentally conscious products and packaging.

The overall implication of these five trends is that change is inevitable.

Flexibility and responsiveness to the market are necessary in order to compete.

The approach to business embodied in new systems of work will enable companies to thrive in a constantly changing, heavily competitive business environment as workers maintain decent standards of wages and benefits while doing meaningful and rewarding work.

AMERICAN FEDERATION OF GRAIN MILLERS' RESPONSE TO A CHANGING WORLD ECONOMY

The American Federation of Grain Millers, through its dealings with dozens of employers and through its research on economic and social changes, has come to believe that global economic competition, new technology and other trends are not only increasing pressures on U.S.- and Canadian-based business, they are transforming business.

The concept of a domestic business has given way to the multinational corporation. The definition of a multinational corporation may once have referred strictly to a company's ability to export goods produced in the U.S. Now, it means that manufacturing, financing, marketing and all other aspects of a business are global in nature.

Social and governmental constraints on corporations are limited and scattered. Nations, provinces, states and cities find themselves competing to entice corporations to do business within their boundaries. Whether a company is owned by U.S. or foreign interests, it has, literally, a world of options to choose from in how it operates and they will generally choose those that offer the most flexibility.

Not only is business changing. People are changing, too. The traditional goal of the American labor movement is to create social justice by winning for all workers a foundation of decent pay, good benefits, and safe and healthy working conditions. This is accomplished through organizing and traditional forms of collective bargaining. Union members and potential members still share those goals. But they have added aspirations for interesting and meaningful work, personal growth and development, and a place in the decision-

making process. Traditional labor relations are not geared to meet these new aspirations. So workers are no longer certain of the connection between labor's traditional activities and their own well-being.

Rapid economic, technological and social change holds many dangers for companies and unions. The changing

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aspirations of people has its risks as well. The AFGM holds that unions, even at the local level, must understand and respond to this new environment.

Years of reliance on one basic business strategy or production process may well leave a company ill-prepared for rapid changes in markets and technology. Years of effort by the union to gain hard-won

wage and benefit scales and job security may be lost almost overnight when a company insists that the only effective response to competition is to slash its labor costs with concessions or layoffs.

But this is only one strategy of several available to companies and unions. And it usually hurts a company by depriving it of the experienced workers who are let go and destroying the morale and initiative of the workers who remain.

In fact, there are several competitive strategies for survival, each with its own impact on unions:

1. Find the lowest-cost labor through wage cuts, layoffs or “runaway” plants.
2. Use technology as a substitute for people.
3. Provide customers with quality and service to add value to a product, thus justifying premium prices.
4. Make the most of human capital through the organization of work, thus justifying high wages.

Clearly, unions must fight against the first option, both in the plant through tough negotiations and in the political arena through legislation. Unions must also monitor carefully the second option to make sure that automation replaces only dangerous, dirty or mindless work while enhancing the efforts of people whose jobs require skill, dedication and thought.

The AFGM also rejects approaches grown more common in the last fifteen years: employee involvement, quality circles, and total quality systems. Some of these approaches try solely to change people, exhorting or persuading them that they must be problem-solvers or work smarter.

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Others may provide an increased level of information about the company and new analytical tools such as the techniques of statistical process control, but none of them alter, or even examine, the traditional forms of work.

While more and more companies proclaim their understanding that technology, people and organizations are interdependent, only a fraction of those companies act on that understanding. And still fewer companies balance their effort and expenditure by treating people, like technology, as a long-term investment or capital expense. Most managers want large gains in productivity from their workers with an absolute minimum of pain or effort for themselves.

The AFGM believes that the last of the four options – looking at the organization of work as a competitive strategy – holds the greatest promise for unions and their members.

It is a strategy that develops and supports a high level of skills in a workforce, making it possible to provide high wages while protecting

competitiveness and profitability. Many of America's most respected educators, government officials and business leaders support this approach as the best way to accomplish the third option, insuring quality and value for customers while protecting pay and benefits.

The AFGM recognizes that this strategy has its costs and its perils. For our nation, there is the cost of upgrading our entire educational system to properly

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prepare our children for the demands of the workplace. For labor, there is the peril of taking on additional roles and responsibilities while protecting what is useful and important about our traditional role.

Thus, the effort to understand and respond to its environment is the most important task a union faces. A union that understands its environment can make informed choices about its response. It can work overtly with or against a company that is trying to transform itself, using clearly thought out strategies and tactics. It can prod a company with limited vision or understanding to act in ways that benefit everyone.

Or, it can sit on the sidelines, leaving all decision-making to management. Sitting on the sidelines, however, is dangerous for a union, robbing it of control over its fate.

if a union determines that it must respond to changes in the company by taking on a new role, it then begins by exploring that role, marshalling the resources it needs.

Many unions have the necessary skills but have used them in other arenas such as politics and legislation. The difficult part about expanding the use of these skills to new areas is the expense and time, and most unions are already overburdened.

The effort, however, makes for a stronger union. The lessons learned can be used to improve stewards' training or bargaining skills. It may alter the relationship of the union to its members. Unions can work with members at times when they are not angry, scared, or disappointed. It may provide new opportunities to demonstrate the value and importance of a union to the membership.

Once the union decides on a specific course of action, it should be carried out in a skilled, competent fashion. Whether a partner or an impediment, the union must be well informed and good at communicating its knowledge to management and its members.

That is what this material is all about. It provides the basics of new work systems, details their benefits and their problems, and suggests additional resources and assistance. By broadening your vision and sharpening your analytical abilities, you can help make the future less fearsome for AFGM members.

WHAT IS A NEW WORK SYSTEM?

The term “new work system” or NWS describes a way in which the workforce, the workplace, and work itself is organized. Because every company and facility is different, there is no one kind of new work system. But all are designed and structured to be cooperative workplaces where people are viewed as the key to competitiveness. People get the most out of the technology; they provide quality, good service and continual improvement.

The major difference between new work systems and traditional organizations is in the role of the human resources in the organization.

New work systems seek to build commitment among employees by changing the way businesses are managed and how labor and management relate to each other.

New work systems are built around three basic elements critical to produce the commitment necessary for an organization to compete in the changing world economy:

1. The recognition and treatment of people as a company’s most valuable and enduring asset,
2. The recognition and treatment of all employees as partners in the business, and
3. The involvement of all employees in the management of the business.

When people are recognized to be a business’s most valuable and enduring asset they are given caring and careful treatment including:

- good wages and benefits.
- a safe and healthy workplace,
- employment security.
- staffing at adequate levels so that long hours and highly stressful assignments are not routine,

- recognition of employees’ personal commitments at home and in the community,
- extensive and continual training, and
- respect for their chosen labor union affiliation.

Employees are used wisely, with every effort made to enhance their abilities. In return, an employee in a new work system takes on a new responsibility for helping the organization reach its goals. Without developing this kind of responsibility in its employees, a business will suffer long-term competitive disadvantage.

In return for asking so much from its employees, a company with a new work system must offer fair value and treatment. There is no other way to create a concern in employees for a company’s competitive Position.

Fair value means wages and benefits commensurate with the high level skills, knowledge and responsibility’ required by a new work system. It means that employment security is a priority. It means a safe and healthy workplace. And it means that other forms of rewards and recognitions are available to provide constant reminders that the company does not take its employees for granted.

Fair treatment means an opportunity to learn, and to contribute. It means that workers and their unions are treated with respect and dignity. It means that

management takes care to staff the organization at adequate levels so that long hours and highly stressful assignments are not routine. It means that the company accepts its social responsibility by recognizing that it does not have sole and complete call on time, energy and loyalty of its employees because families and communities also depend upon skilled, committed and competent men and women for their success and well-being.

Treating people as partners and involving them in all aspects of the business are management behaviors very different from those in most companies. They spring from a set of values that are understood and held by everyone in the organization.

New work systems values include:

- trust and integrity,
- respect for the dignity of individuals,
- quality,
- productivity,
- flexibility and adaptability,
- cooperation with stakeholders,
- recognition of effort and achievement,
- growth and development,
- openness,
- customer service,
- personal safety and security, and
- dedication to the continuous improvement of every aspect of the business.

These values are basically the same in all new work systems, cutting across company and industry lines, regardless of the technology or the complexity of the work process. These values are not just spoken, they are acted upon. In a traditional organization “quality” may be said to be a value, but the reality is that “quality” takes a back seat to getting product out the door.

The values of a new work system stem from a fundamental belief:

The people who perform the work can and should understand the business well enough to figure out what to do with a minimal amount of management.

To that belief is linked a second:

People will be motivated to figure out what to do and then will do it only if they are committed to the success of the business.

A new work system is further guided by the additional beliefs that:

- jobs should build self-esteem,
- everyone should share the benefits of success,
- everyone should have the freedom to contribute his or her talents to the success of the enterprise,
- the organization must be productive and competitive,
- participation improves performance. and
- shared decision-making and problem-solving is more effective than that of individuals.

A new work system backs up these beliefs by structuring the organization so that workers:

- manage their own work performance,
- monitor their own work performance,
- make proactive changes in the workplace,
- help fellow employees and be helped in return,
- understand the business,
- make decisions based on an understanding of the business and other parts of the system, and
- provide high levels of customer satisfaction.

In sum, a worker must be able to do the right thing, rather than the prescribed thing.

New work systems have an organizational structure which encourages employees to take on these responsibilities. This type of structure may feature:

- fewer levels of management,
- autonomy and responsibility distributed throughout the organization,
- self-managing work teams,
- Open communications,
- pay for skills compensation, and
- bonus or gainsharing programs.

A flattened hierarchy means there are very few levels between the top and the bottom of the organization. Decisions are made at the action level by the employees who have to carry them out.

In order to be decision-makers, people at all levels in the organization must have management skills, greater autonomy and responsibility. This may mean that there are fewer job classifications and work rules, a break with traditional union

safeguards accepted by the union only when the all of the elements of a new work system are accepted by management. It also means that employees must be trained to manage themselves.

Communications throughout the organization are open. Information about the business is shared freely with all employees, who are given the training they need to understand it and use it to improve their work process. In return, workers are expected to share their knowledge of the process and help improve them. High trust levels make this kind of communication possible.

Teamwork means that groups of employees are given the means to accomplish certain operations or tasks. The team responsibilities can include:

- work operations,
- work scheduling,
- training,
- problem-solving,
- quality control,
- ordering,
- customer service,
- hiring, and
- improvements in the production or service process.

In an NWS, workers are multi-skilled and are paid accordingly. They are not restricted to one dull, monotonous job. A pay-for-skills compensation system is based on the number and type of skills acquired by the individual employee. The more skills learned, the greater the employee's pay.

Additional compensation is available in the form of a profit and productivity bonus system. Such a system recognizes the fact that workers know more about their production process and can participate in

suggestions and solutions for improving that process. The financial benefits that result should be shared with the people who created them.

Management ranks may be lean in a new work system because the workers have no need for supervisors to continually monitor their performance. Managers will have the time to put their skills to work on long-range planning, providing resources for work teams, and coaching, training and developing individual employees. For many managers this will require extensive changes in attitude and behavior, which can be obtained only by technical, administrative and people skills training.

In a successful new work system labor and management will work together as a matter of course, particularly in designing and implementing the new work system. Each side will value the other's viewpoint and traditions. Cooperation will not be based on a myth that union and company are alike, but on the mutual understanding that strength is bred of diversity, tolerance and the resolution of conflict.

Each side will understand the importance of due process for individuals who have a complaint or who are charged with a serious violation of organizational policies or standards. Thus, disciplinary matters that cannot be resolved through informal agreements will be handled by a structured grievance procedure.

Individuals in a new work system are treated with respect and are appreciated for their uniqueness. Minority viewpoints are encouraged.

Many new work system organizations involve their customers and their suppliers in their business, too. Input from customers and suppliers is used in designing new products, in laying out

facilities, in developing equipment, and continuously improving products and

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services. This effort is not limited to engineers and marketing people, but includes the people who make the product or provide the service.

Successful new work systems use information effectively to help people make quality decisions. They impart knowledge through training and education to create a knowledgeable, multi-skilled workforce.

Finally, new work systems are dynamic. They are really to adapt to change and, in fact, welcome change as a chance to get the jump on new markets and opportunities.

WORDS OF CAUTION

The American Federation of Grain Millers encourages its local unions and their members to become partners with their employers in meeting competition and safeguarding employment and pay through a new work system. But the union recognizes that the creation of a new work system is a long, complex process. It is even more difficult when a company is transforming itself from a traditional organization. That is one reason workers need a union as much as ever, even though good employers may now “value” their workers highly and wish to treat them accordingly.

While union representation is obviously not a requirement for a company creating a new work system, it can provide a definite advantage. The union provides a valuable perspective in problem-solving and decision-making. It acts as the conscience of the organization when there is less reliance on highly detailed workrules and procedures to provide the “answers” to problems or concerns.

Even the most well-meaning employer and vigilant union may find themselves straying from the new beliefs they profess. The result can be the misuse of the process and the abuse of workers.

Abuse can come from the constant encouragement to workers to “do whatever it takes” to “get the job done.” There are limits to human ability and energy and there are ethical lines that should not be crossed. Furthermore, the union must make certain that the company recognizes that some employees must live with constant non-work responsibilities such as child and parent care.

One way that new work systems are often said to be different from traditional companies is that they are organized for the ninety-five percent of employees who want themselves and their company to do

well, and not for the five percent who are “shirkers” or “troublemakers.” New work systems will not magically transform every

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one of that five percent into model employees and it may create the temptation to “let the workers take care of them.”

Misuse of a new work system can come from the expectation that workers will take on responsibility for traditional management tasks such as discipline.

Union members can and should develop a basic set of mutual expectations about job performance and responsibility – and they should talk to each other when those expectations are not met. Yet the authority to discipline remains with management and the responsibility to provide members with due process in the form of grievances and arbitration remains with the union.

But poor performance or violation of rules and policies is not the only issue. New work systems can create tremendous pressures for conformity. A new work system should not be designed to be a continual weeding out mechanism of the least productive or innovative workers. In fact, an NWS should encourage constructive conflict and creativity. One way to do this is by encouraging and protecting minority viewpoints.

So while it is not fair that some workers must “carry” others who refuse to do work at a mutually acceptable level of skill and performance, it is equally unfair for workers to be expected to punish their peers. And while dealing with cynics, “naysayers” and whiners can be frustrating, honest dissent should be respected.

In sum, a unionized company relying on a new work system requires a strong, smart union that listens to its members (who are sure to let the union’s leadership know if it is straying from their expectations about its proper role). And it requires union leaders who can represent the interests of the members in all aspects and at all levels of the new work system.

That is when a new work system will perform “as advertised.”

THE UNION'S ROLE IN NEW WORK SYSTEMS

Cooperation, partnership, “jointness,” or whatever term is used to describe the relationship in a new work system requires a union to be proactive, an equal partner in decision-making and problem-solving based on a continuing effort at defining mutual interests as well as an appreciation of their separate interests. For the union, this means accepting some new and expanded responsibilities.

New work systems require labor-management cooperation on more issues than in traditional labor-management relations, including:

- work operations & design,
- pay systems (beyond rates & scales),
- training, and
- “governing” the system.

Specific areas of interest or responsibility that come under these headings might include “being a member of a steering committee,” “designing skill blocks,” or “facilitating work teams.”

The issues to open joint problem-solving are much greater. They are based on a knowledge of the mutual interest of both parties. Both sides are seen as competent with something of value to bring to the party.

These issues emphasize the needs of the 95% of union members who do not have the kinds of problems or complaints that are the usual basis for grievances or whose needs are specifically spotlighted only during bargaining.

Thus, new work systems have important implications for the way in which unions function and in their relations with their members and management.

All working relationships require an element of trust. The difference between

traditional labor-management relationships and those in new work system is that the traditional ones are based on a series of “backstops” that are created for those times and situations in which the relationship breaks down, or things fall through the cracks.

In fully developed new work systems, there is less reliance on written procedures, the “answers” contained in the contract. Detailed contracts are evidence of efforts to cover every conceivable situation or problem with an answer or procedure. They reflect a lack of trust.

Replacing a traditional contract with a briefer document that emphasizes trust does not mean that the relationship is simpler or easier. There are new skills needed and new demands of time and resources.

In new work systems, both sides treat each other professionally. For the union in particular this results in increasing demands on the union as an organization. It cannot simply react. Proactive efforts require research, preparation, and knowledge of subject matter. Both sides need to be good at being adversaries and good at being cooperative. There is a continuing effort at defining mutual interests as well as an appreciation of their separate interests.

If the organization has to be flexible to be successful, so does the labor-management relationship. Values should

be generally consistent but the structured systems flexible. Contracts become guides

Replacing a traditional contract with a briefer document that emphasizes trust does not mean that the relationship is simpler or easier. There are new skills needed and new demands of time and resources.

and not the means of stonewalling change.

What kinds of organizational skills and resources does a union need?

NWS labor-management relationships are problem-solving relationships rather than judicial or bargaining processes. Of course, traditional labor-management has some problem-solving aspects to it, and it often sets up problem-solving processes, for example, Health & Safety Committees. A NWS elaborates on that model.

As a partner with management, the union may be asked or expected to take on tasks and responsibilities usually reserved for management, such as planning and organization development.

As with management, the type and amount of communications needed in a successful new work system is greater than in a traditional environment. Unions

also need to understand group process since so much of the communications in the organization takes place between groups.

The union may share responsibility for training, including designing the curriculum and conducting classes. At AFGM Local 59 in Lodi, California, AFGM members have learned and are paid extra for using the skills and techniques of professional trainers. They have used those skills to train managers as well as union members. Meeting management is a skill important not only to work teams, but to the union in making its own meetings more effective.

Many unions involved in new work systems have responded to the changes brought about by altering their usual ways of representing the membership.

Methods of dispute resolution, such as grievances, become back-ups, or secondary means of solving problems. First steps are informal and based on the governance system for the NWS, which is usually team-based.

Grievances are still available. You do not dispense with due process, after all. But there is an effort to avoid third party decision-making arbitration in favor of third party facilitation or grievance-mediation.

Another key element of new work systems that may require a change in the union's role is a reliance on flexible work rules. This may invite more abuse because it is less clear cut. Union stewards will not be able to rely on contracts or rigid job descriptions for answers. Instead, they must engage in informal problem-solving and decision-making with management.

Performance feedback among peers is the first step in dealing with performance

problems and violation of norms or standards of behavior in NWS. Many unions have recognized that peers often find it difficult to give effective feedback and there is a legitimate concern about union solidarity and loyalty. So, in most unionized NWS there is a system of progressive discipline as a back-up to performance feedback. Discipline is designed to change behavior, not to punish or gain revenge.

Negotiations may also be conducted in a different manner. With a stated goal of problem-solving, negotiations become “interest-based.” The union’s legitimate interests include fair income for members, employment security, career mobility, safety on the job, and fair treatment. But, these interests and others are approached as problems to be solved rather than “postures.” Management, too, has its interests.

Thus, in NWS, contracts are not rigid. The more general nature of the contract language in a new work system means that the contract is “written” as practices develop, decisions are made and problems are solved.

Pay, vacations, and benefit grievances are spelled out in detail, not in general.

What does all this mean for the union as an institution?

A union should be skilled, competent, proactive, an equal partner in decision-making and problem-solving.

In NWS, many unions struggle with their roles, trying to marshal adequate resources in the form of money and staff or leadership.

The good part is that all this makes for a stronger union--the expertise gained is transferable, for example, to better stewards’ training and bargaining schools.

NWS may alter the relationship of the union to its members. It may provide new opportunities to demonstrate the value and

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importance of union to the membership through means such as role modeling new skills and behaviors. The union will do more than catch flack all the time through its stewards. Unions can work with members at times when they are not angry, scared, or disappointed.

The union also serves as the conscience of organization. The reliance of a new work system on a strong overt value system leaves plenty of opportunity for lapses, inadvertent or not. In the absence of a traditional contract, the union is the conscience that helps point out and protect employees in these situations. It also protects against burnout and abuse stemming from high level of commitment to the job.

Finally, the union acts as a defender of minorities and a balance to the majority. Jointness often leads to a belief in “sameness”: we are all alike here. The fact is that power is still unevenly distributed and those without it (a definition of minority) still need an institutional backstop.

UNION INVOLVEMENT IN NEW WORK SYSTEMS: WHAT YOUR MANAGERS SHOULD KNOW

Managers in unionized companies considering or that have already started efforts to convert their traditional organization into a high performance, high involvement work system should understand that the AFGM believes that a union's role in such an effort must be either that of a full partner or a committed opponent.

Any position in between these extremes will, in the long run, harm the union. It does not matter whether the transition is a success or a failure from management's point of view. Neutrality, or lukewarm or selective support will win the union no credit for success (and a growing perception of irrelevance) and if the effort fails, the union will no doubt receive at least some blame.

At the same time, a company that proceeds in the face of a passive or grudging union is operating without all

- What are the rewards of working with the union?

Greater opportunity for success through the increased energy, commitment and ideas that union involvement brings.

- What are the difficulties?

Taking the time to discover mutual needs and interests and work through potential conflict.

Unions, like management, generally have a well-defined role to play in traditional organizations with represented employees. While due process representation such as grievances and arbitration and bargaining are the two main services of the union, they are not usually the only ones. Companies should also remember the other services that the union provides its members when assessing the union's organizational capabilities.

But management must not lose sight of the obvious: unions generally have less resources of all kinds than their employers and unions are democratic organizations that must respond to the will of the membership. A union may wind up investing a higher percentage of its resources into an effort than the company.

**Managers should not
assume that the
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than top management**

of its available resources, and in fact, may be forced to spend much time dealing with concerns raised by the union.

Thus, managers have a vested interest in getting the union involved. Yet managers must understand the costs and benefits of full union participation:

Managers should not assume that the union is less willing to change than top management. Several locals of the American Federation of Grain Millers have asked their employers to begin or speed up the implementation of new work systems in plants that had instituted total quality efforts or pilot high performance systems.

It is necessary to remind even the most enlightened managers that joint efforts should begin as soon as possible, even to the point of learning together about the transition to a new work system. This joint study process is important so that a joint decision can be made to go forward or maintain the existing system and relationship.

If there is agreement on the need for change, there should be an effort to examine current values and explicitly adopt a set of new values that will guide the transformed organization and its labor-management relationship.

Management should welcome union representation on every structure that is a part of the transition process. This means informal design groups as well as high visibility steering committees.

The company as well as the union should be interested in maintaining the union's visibility and independence. Thus, key positions such as trainers and

facilitators should be filled with both a union and management representative. Where the union lacks skills in organization development or training

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design, the company can take on a mentoring role. The union should receive recognition for its particular strengths and competencies, for example, its ability to take the "pulse" of the employees.

If your union is successful in marshalling resources and uses them wisely, many managers will have to take on a new mindset, one that is clear about the union's contribution to a successful, productive and humane work system, and is pleased with the competence and strength of the union.

APPROACHING MANAGEMENT ABOUT NEW WORK SYSTEMS

Thousands of North American companies, some represented by the AFGM, are trying to ready themselves for the future. They are thinking about, or meeting, increased competition by improving quality, service, and productivity. Their efforts may be large-scale and decisive. Or they may be small and tentative. But in either case, AFGM members are affected and the union needs to act, especially since most companies do not appreciate or understand the need for union involvement.

If you, as a union leader, and your members are not satisfied with your company's efforts in a quality program, productivity push, or problem-solving process, you can safely assume that the company's methods do not truly reflect the basic values of "total" quality and employee "involvement.

A company that disregards union concerns, issues and ideas, whether intentionally, through oversight, or ignorance of the importance of union involvement, is likely to fail to reach the goals it says it wants. But it is likely to succeed in harming the respect members have for their union and undermining the protections of the contract.

The AFGM believes that local unions should respond to these types of half-baked efforts by offering an alternative process. An offer to move to the next generation of workplace innovation by implementing a "new work system" may well shock management. But you can argue that the union's proposal (see page 28) is more likely to result in long-term company success because it is based on true employee empowerment and a real labor/management partnership.

The company may not like your premise: What you have done so far is

bound to fail. Let us start over and do it right. But they cannot argue that the union is short-sighted or an obstacle they cannot

A company that disregards union concerns, issues and ideas, whether intentionally, through oversight, or ignorance of the importance of union involvement, is likely to fail to reach the goals it says it wants.

say that you do not understand what it takes to succeed in the marketplace or to help change a large organization.

In fact, the union can be the catalyst for success at:

- producing a quality product or service at a fair price,

- preparing your company for the 21st century,
- preserving jobs and making them more interesting and rewarding,
- protecting current wage rates and increasing future levels of pay, and
- providing opportunities for personal and career development.

Management needs to listen, to appreciate your seriousness, and to understand your knowledge of people, the economy and work.

You can get their attention by:

1. demonstrating that your union knows as much, if not more, than the company about competition and how to respond to it.
2. providing a solid analysis of the strengths and weaknesses of the company's

efforts (or showing why the company needs to begin an effort).

3. explaining how a partnership with the union will enhance the chances for success.

4. convincing them that union opposition is certain to lead to failure.

5. offering a letter of agreement (see page 28 for a sample) and an action plan (see page 27) that will lead to a new work system operated by a true labor/management partnership.

At the same time you are telling all this to senior management, you should be giving the same information to the membership, building support for a partnership, or to fight any process that excludes the union.

ACTION PLAN FOR IMPLEMENTING A NEW WORK SYSTEM

The Action Plan for new work systems will vary for each company and union, but almost every plan should include these steps:

1. Leadership Education.

A systematic course of study for the key leaders of the Union and the Company including an examination of the restructuring of the world economic order, the current transformation of the industry, the status and role of unionized labor, and new systems of work.

2. Employee Communication.

Meetings with group of employees (covering the entire organization) intended to build an understanding of the nature of competition and options for meeting that competition.

3. Management and Union Steward Skills Training.

First-line manager and union steward training about new work systems. The training would introduce them to new work systems, analyze the role of management and the union in these systems, and address their concerns and anxieties about converting to a high involvement system.

4. New Work System Design and Implementation.

A joint design process leading to a restructuring of the existing company organization and labor agreement. The new work system should be based on labor-management cooperation with responsibility and decision-making pushed down to the individuals and groups that perform the work. It may also include elements such as a team-based work structure, a multi-skilled work force, and compensation that recognizes knowledge and performance.

5. Employee Training.

Such training should center on: (1) job and technical skills development; (2) skills training such as decision-making, problem-solving, management and budgeting; (3) new work system orientation; and (4) work relationships such as trust, perceptions, communications, group process, conflict resolution and labor-management relations.

6. Standardization of All Processes.

The standardization of work and business processes and the use of statistical process controls are widely recognized as critical elements in producing consistent high quality products and services. Execution requires a well-trained workforce, employee acceptance, and a serious commitment of time and resources to realize the substantial financial benefits that are possible. Employees should be trained to analyze their operations and develop standardized processes that reflect their job knowledge and experience about the best, safest and fairest ways to perform work. They should fully participate with management in implementing any proposal.

7. Redesign of Management Systems.

Management systems such as evaluation and promotion practices, scheduling systems, compensation systems, information systems, and maintenance parts purchasing must be examined to determine if they should be redesigned to fit with a new system of operating so that they are compatible with and helpful to a new work system.

SAMPLE LETTER OF AGREEMENT ON NEW WORK SYSTEMS

Dear

This letter will serve as an agreement in principle between Local ____ of the American Federation of Grain Millers and _____ on the objectives, rationale and character of effort for a process of workplace innovation to be known as the “new work system” (NWS).

The Union and the Company believe that short-term and long-term competitive challenges cannot be solved through technology only. Organizational and people improvements are equally, if not more, important. They, too, should be treated as a long-term investment or capital expense, one that increases skills, understanding, opportunities and rewards for employees while improving the Company’s effectiveness and chances for success.

Both parties acknowledge that the transformation of the present organization to a new work system requires new skills, roles, responsibilities, relationships, rules and systems. Both agree to make a good faith effort to reach our mutually agreed upon goals while recognizing the complexities of such a major change effort.

Therefore, the Union and the Company agree to undertake a course of action that incorporates:

1. Leadership Education,
2. Employee Communication,
3. Management and Union Steward Skills Training,
4. New Work System Design and Implementation,
5. Employee Training,
6. Standardization of All Processes, and
7. Redesign of Management Systems.

So that these steps may be accomplished, the Union and the Company agree to create a full structural partnership with equal or equivalent representation for:

- a. Executive-level Steering Committees,
- b. Plant or Department-level Steering Committees,
- c. Design Teams,
- d. Facilitators,
- e. Trainers,
- f. Team leaders,
- g. Selection of consultants,
- h. Authorship of notices and publications,
- i. Design and delivery of training, and
- j. Any other group, team or individual roles or responsibilities deemed necessary for the success of a new work system

The Union will be allowed to select its own representatives to serve in these capacities or conduct the necessary work to carry out these functions.

The Union and the Company will jointly monitor and evaluate the process to assure that the values, purposes and goals of the new work system are nurtured and maintained.

As a result of this partnership and implementation of a new work system, no employee will lose his or her employment or be laid off, or have a reduction in compensation. The Master Agreement will control layoffs, employment security and compensation when economic, market place or technological changes occur.

Both parties recognize that the emphasis on organizational effectiveness, especially employee involvement in quality assurance and dedication to internal and external customer service, inherent in the concept of a new work system, contains the potential for high levels of employee stress. Therefore, both parties will strive to design and implement a new work system that is adequately staffed so that employees may meet legitimate obligations to their families and communities.

Nothing in this agreement shall prevent the Union from carrying out its traditional and contractual obligations to represent its members in matters of collective bargaining and on-the-job discipline.

FIGHTING UNION-BUSTING “QUALITY” OR “INVOLVEMENT” EFFORTS

What if your company rejects the union’s request to be a full partner in a new work system? What if it willfully and repeatedly violates agreements and understandings about a joint process? The result, even if the company denies it, will be the undermining of membership support for the union. This situation calls for a union strategy intended to convince the company that a labor/management partnership is a prerequisite for a true quality or involvement process and is crucial for long-term success.

Union leaders should:

1. Prepare and distribute a Statement of Union Objectives and Direction, i.e., what the union is trying to accomplish with its strategy.

2. Hold membership meetings to educate the members about right and wrong approaches to quality and employee involvement. Circulate articles and analyze good and bad examples, including your company’s efforts.

3. Train key union people in skills to effectively:

- monitor team meetings and other “quality” activities, and
- document examples of the misuse of quality and violations of labor law.

4. Gather high quality, legally sound documentation to demonstrate:

- abuse of “Total Quality” or “involvement” efforts (by managers playing favorites or rigging team recommendations to win support or funding for projects they favor),
- hypocrisy of management regarding traditional and new values,

- inconsistency of management actions,
- violation of the collective bargaining agreement, and
- unilateral changing in the terms of conditions of work (mandatory subjects of bargaining).

5. File grievances and unfair labor practices based on the documentation.

6. Generate publicity for the union’s positions and actions (for example, a counter-total quality newsletter).

7. Conduct ongoing training for union members on alternative ways of operating.

8. Designate a credible union official to oversee the campaign.

IF ADDITIONAL ASSISTANCE IS NECESSARY, CONSULT YOUR INTERNATIONAL UNION. THERE MAY BE ADDITIONAL PRESSURE OR LEGAL ACTIONS THAT CAN CONVINCE THE COMPANY OR SHORTCIRCUIT THE EFFORT.

UNION OPPONENTS OF LABOR-MANAGEMENT COOPERATION: THE GRAIN MILLERS' REPLY

A small, but vocal minority of union leaders and activists strenuously oppose in principle the idea of “jointness” between labor and management and ask union members to fight its manifestations such as quality circles, team-based work design and new work systems. Others agree that the idea is a admirable ideal, but say that it is invariably exploited or misused by management.

It is hard to argue with people who feel that unions and companies must be adversaries in all situations. They seem to believe in class distinctions between labor and management that most Americans instinctively reject. Their conviction is strong, but so is that of the AFGM: in the 1990's union leaders must be good at being adversarial, good at cooperation, and

smart enough to know when union members benefit most from one or the other.

AFGM leaders should be prepared to answer critics of labor-management cooperation while acknowledging that some of their criticism is justified, too often because union leaders do not do a good job of preventing employer abuses.

Here is what some opponents have to say:

Competition is not a concern of unions

The first priority for the labor movement today is to end its confusion about goals and coin/flit itself to this basic proposition: The job of unions is to defend and improve the conditions of workers even if it costs management in ore money, even if it reduces productivity, and even if in the short run it hurts 'competitive position'. . . . The labor movement needs to champion the idea that workers have created plenty of resources--we live in an economy of abundance, not scarcity--and that those resources can be used to improve their working conditions and lives.. If the labor movement only echoes the corporate line about "competitiveness," what good is it?

– Mike Parker and Jane Slaughter, labor activists and authors

AFGM believes that it is possible to defend all the legitimate rights and needs of workers and still help improve competitiveness. A “high skills, high wage” strategy employed through the values and structure of a new work system in which the union is a true partner makes it possible.

Furthermore, most union members want their companies to succeed and want satisfaction from their work, the opportunity to grow and learn, and the dignity and respect due to them because of their knowledge and experience. These ideas do not contradict each other. In fact, they complement each other.

Cooperation is nothing new and has never worked

Our view is that this “new” era of cooperation is, in fact, not new at all. Rather, it is a false hope that has been seized from time to time in the past but has never panned out. It has not worked in this country, largely because it is not part of the American industrial experience. It does not represent what workers want and need or even what managers should expect in the way of responsible unionism.

- Lance Compa and Barbara Reisman, former staff members of the United Electrical, Radio and Machine Workers of America

For better or worse, the “American industrial experience” has been globalized (see Section 2, “The World In Which We Work”). The past is no longer a prediction for the future, or even the present. Cooperation is not bound to fail, although

failure is possible if unions are not able to play their proper role. Responsible unionism now calls for the ability to be a good partner when mutual or non-competing interests are at stake and a good adversary when appropriate.

Cooperation is just another form of concessions

What passes today for workplace democracy today boils down in practice to employee buyouts of aging, non-competitive firms on the periphery of the economy, quality circles and quality-of-work-life charades; labor-management productivity committees, profit-sharing and stock-ownership plans, symbolic seats on boards of directors, a look at the company’s books with a right to ‘review’ and ‘advise’ and like measures to promote the appearance of enlightened managers and empowered workers. All the while, real control stays firmly in management hands.

The big corporations are tightening their grip on the economy and proceeding apace with job-slashing, mergers, robotization, runaway shops, strikebreaking, wage-cutting and other steps to destroy the bargaining power of organized labor.”

- Lance Compa and Paul J. Biacich, former staff member of the United Electrical, Radio and Machine Workers of America and an IAM shop steward

Unions can fight concessions by offering to help companies create a new system of work based on a competitive strategy that makes human resources the centerpiece of the company. Economic gains can be protected when a company

improves its effectiveness. While the union may give up some of its traditional powers, such as tightly constructed work rules, it will win for workers a different type of power based on individual and group autonomy over work.

Cooperation and teamwork turn worker against worker

. . . The team concept is more than a mere gimmick; it is an attempt by management to control not only the worker’s behavior on the job, but also the worker’s feelings and thoughts. The employer plays upon the worker’s desire to use his or her creativity and intellect. The team concept promises the worker that lie or she will be something more than a mere factory hand, calls upon him to think and asks him to cooperate with management.

But cooperation with management ever so subtly turns into competition with one’s fellow workers. In the struggle for productivity and even quality, department is pitted against department, and worker is pitted against worker. What began by appealing to the worker’s idealism turns some workers into informers and weakens union solidarity. Often when workers are reluctant to approve the team approach, they are threatened by management with plant closings.

- Victor Reuther, founder and former official of the United Auto Workers

Unions can end competition between departments and plants by helping to convert all unionized facilities to new work systems. When the employer and employees know that the entire plant will be converted, there’s no reason for departments to compete.

It is true, however, that companies will

continue to point to non-union plants as competitors. The union’s response should be that an organized plant has advantages over its unorganized competitors. A union can:

1. offer institutionalized, constructive criticism that improves the process by

helping it to respond to the legitimate concerns of the workers (who might not otherwise speak up),

2. provide an independent and trustworthy system of due process for handling problems through the grievance procedure, and

3. serve as a forum to balance the short-term interests of the worker with the long-term interests of the company.

As for competition between individual workers, the union can educate the company and its membership on the type of behavior that benefits the company, the union and employees.

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