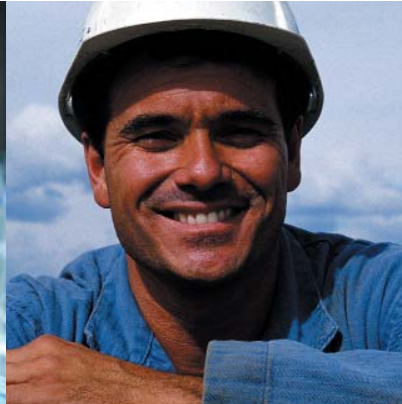




Photo Courtesy of Greater Buffalo Convention and Visitors Bureau



champions

WORK @

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PRACTICES AND OUTCOMES

PRACTICES AND OUTCOMES



INTRODUCTION

During most of the post World War II period from 1945 to the 1970s, the organization of work and employment relations were characterized by a constellation of practices having the following attributes:

- ▶ jobs were narrowly defined with associated rates of pay
- ▶ clear boundaries existed between supervisors who directed work, and workers who carried out their orders
- ▶ management retained decision-making authority
- ▶ communication between managers and workers were top-down and largely hierarchical
- ▶ conflict resolution fell under the purview of trained company and union representatives situated away from the shop floor

This traditional work system typified the unionized manufacturing sector, but was also found in the non-union sector as well as in non-manufacturing employment. Scholars have labeled this system the “New Deal system of industrial relations.” The system contains a few key premises: (1) Conflict is inherent in the employment relationship, but mechanisms are available to manage it. (2) The government plays an important role of balancing the interests of workers, their unions, and management. (3) Management is responsible for promoting the economic efficiency of the firm. (4) Where workers chose unions to represent them, collective bargaining would be the preferred institution, but it would fit within the American system that promoted limited government involvement, private property, and freedom of contract.¹

The New Deal industrial relations system began to unravel during the 1970s in the face of new economic realities. A series of oil shocks sent prices spiraling upward for almost a decade. Economic growth stagnated but inflation remained problematic, leading economists to coin a new term, “stagflation.” The United States also ran high trade and budget deficits, unprecedented in peacetime America. A low domestic savings rate and high household debt hurt workers, who saw their real earnings fall over the next quarter century. Within this context, real gross national product (GNP) grew at half the 3% rate common before 1973. One of the principal causes of the declining rate of increase in GNP growth was slowing productivity growth.²

The poor economic climate for American companies was compounded by the growing intensity of both foreign and domestic competition and other factors. For example, a shift in public policy during the late 1970s ushered in an era of deregulation in a number of industries. Public policies related to finance facilitated both corporate restructuring and mergers & acquisitions. Moreover, economic growth in newly-industrializing nations and the greater use of microelectronics in both manufacturing and services placed additional stresses on the traditional system of work in the United States.³

To remedy lagging productivity and meet competitive challenges, a number of employers began altering their work systems toward more flexible practices. No consensus has yet emerged on a name for the totality of these newer workplace practices. They are variously called “innovative work practices,” “high-performance work systems,” “high-commitment systems,” and “flexible

work systems,” among other terms. Regardless of the name for these internal labor market innovations, their more common, somewhat overlapping features include:

- ▶ employee participation,
- ▶ the use of teams,
- ▶ flexible job assignments,
- ▶ quality circles, or employee problem-solving groups.

Companies also may “bundle” these with an internally coherent set of human resource practices that support changes in work organization, including:

- ▶ contingent or variable compensation,
- ▶ intensive training,
- ▶ cooperative union-management relations,
- ▶ lucrative benefits packages.

These practices are often proposed as the best complement to flexible work organizations.

Academic research provides us with a better understanding of the extent to which American workplaces have undergone such transformation. We will summarize the results of three major national surveys.

In the first, MIT professor Paul Osterman studied 694 private sector establishments with 50 or more employees to ascertain the incidence of innovative work practices—teams, job rotation, quality circles, and Total Quality Management (TQM).⁴ He also investigated what human resource variables are associated with the adoption of these practices. He found that 35% made substantial use of flexible work practices in 1992. Associated factors included: being involved in international competition, using technology that requires high skill levels, following a “high road” strategy that emphasizes variety, service, and quality rather than low cost, and using high levels of training and innovative pay systems.⁵ For individual practices, Osterman found 54.5% of all establishments used teams, 33.5% employed job rotation, 40.8% had quality circles, and 33.5% of all establishments used TQM.

In a second larger, more nationally-representative survey conducted in 1993, Maury Gittleman, Michael Horrigan, and Mary Joyce explored the extent to which establishments adopted six flexible work organization practices.⁶ The authors added peer review of employee performance and worker involvement

in purchase decisions to the four that Osterman used. Their survey data derived from the 1993 Survey of Employer Provided Training carried out by the Bureau of Labor Statistics, also an establishment-based instrument. They found that 42% of the almost 6000 establishments used at least one of these practices, and among those with 50 or more employees the number rose to almost 70%. Individually, for all establishments, 14.2% employed teams, 12.6% had job rotation, 21.4% instituted organization-wide TQM, and only 4.8% had quality circles.

Gittleman and colleagues also found key establishment characteristics that were positively related to the use of flexible practices: the recent introduction of new technology, large size, being in manufacturing, the use of incentive-based pay, the provision of generous benefits, and the use of extensive training. And because the choice of practices varied by establishment, there was no “one best practice.”

In 2000 Paul Osterman published a follow-up to his 1992 study that attempted to see how much flexible workplace practices had diffused throughout the American economy. In addition, he examined whether employees benefit from workplace changes. In summarizing previous studies, he concluded that “a fair reading of the evidence would seem to be that in the early 1990s a significant minority of establishments had implemented a range of practices associated with HPWO [high performance work organization] systems.”⁷ A number of Osterman’s findings are worth reporting.

First, the use of high-performance work practices grew considerably since the 1992 survey, with the exception of teams, which remained about the same. For example, in 1992, 24.6% of establishments had two or more practices involving 50% or more of their workforce, while in 1997 the figure rose to 38.3%. Second, regarding individual practices, 57.7% of all establishments used quality circles in 1997 versus 27.4% in 1992; 55.5% had job rotation in 1997 versus 26.6% in 1992; 57.2% employed TQM in 1997 versus 24.5% in 1992; and 38.4% used teams in 1997 versus 40.5% in 1992.⁸ Teams stand out as the most difficult innovative practice to sustain.

Second, Osterman’s research found that high-performance work establishments experienced increases in employment levels as well as higher rates of lay-offs, perhaps reflecting the organizational turmoil of restructuring. The adoption of these practices was also related to other organizational changes, such as reduced employment of managers and more limited use of contingent workers. In this study, Osterman reports no relationship to pay gains for high-performance work organizations.

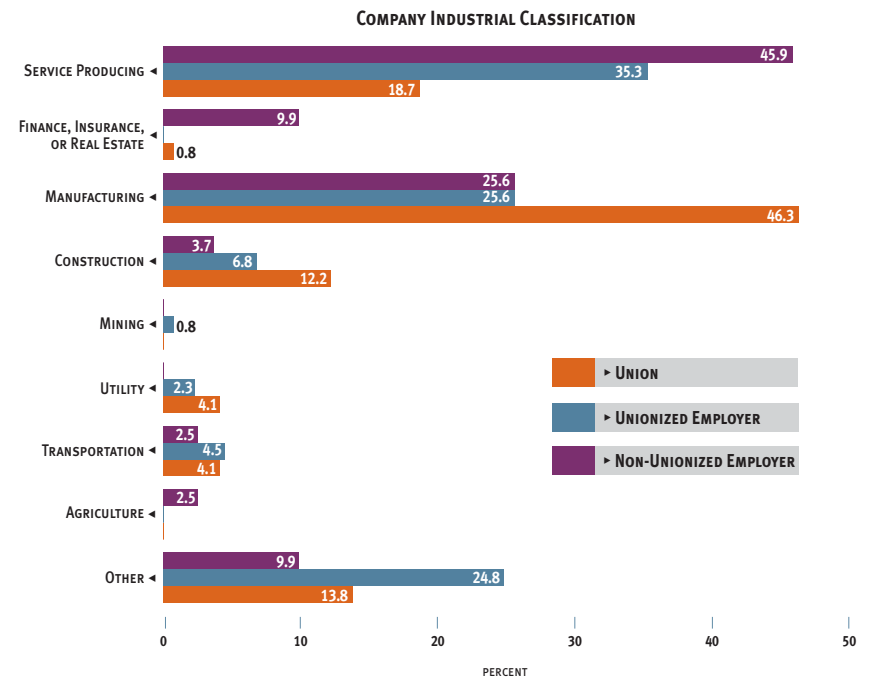
In an extensive 2000 study of the steel, apparel, and medical electronic instruments and imaging industries, Eileen Appelbaum, Thomas Bailey, Peter Berg and Arne L. Kalleberg examined high-performance work systems in manufacturing. Measuring enterprise performance and attitudes and experiences of workers, they conclude: “More participatory work systems improve efficiency and enhance operational performance across a wide range of manufacturing industries. In addition HPWSs [high-performance work systems] are generally associated with workplace practices that raise the level of trust within workplaces, increase workers’ intrinsic rewards from work, and thereby enhance organizational commitment. Wages are higher, as well, in the plants with more participatory work systems.”⁹ Although this study provides important detailed analyses that help us understand the workplace dynamic and economic implications of high-performance strategies, it does not have quantitative data for all private sector employers to compare with the data we have collected for Western New York.

With the broader national surveys of flexible workplace practices available for comparison, we now turn to the findings of the Cornell ILR surveys of workplace practices in Western New York.

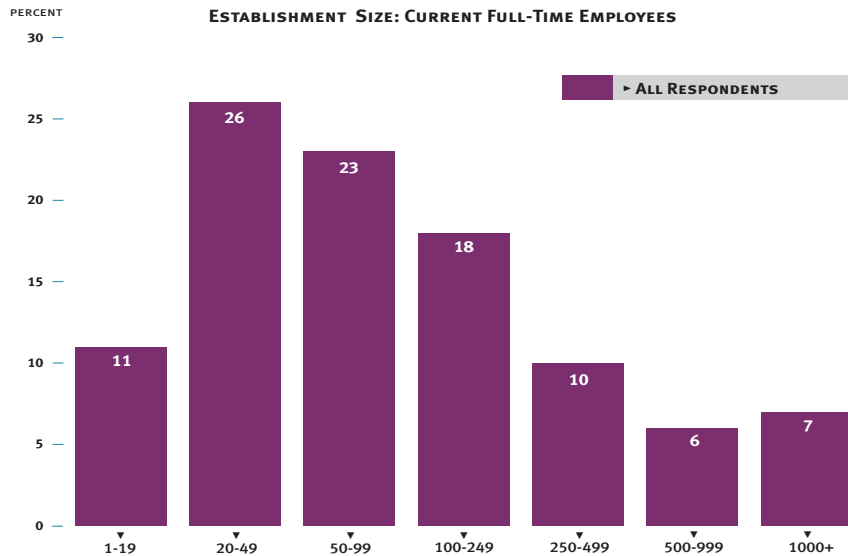
CORNELL ILR SURVEY OF WORKPLACE PRACTICES

DEMOGRAPHICS AND WORKFORCE CHARACTERISTICS

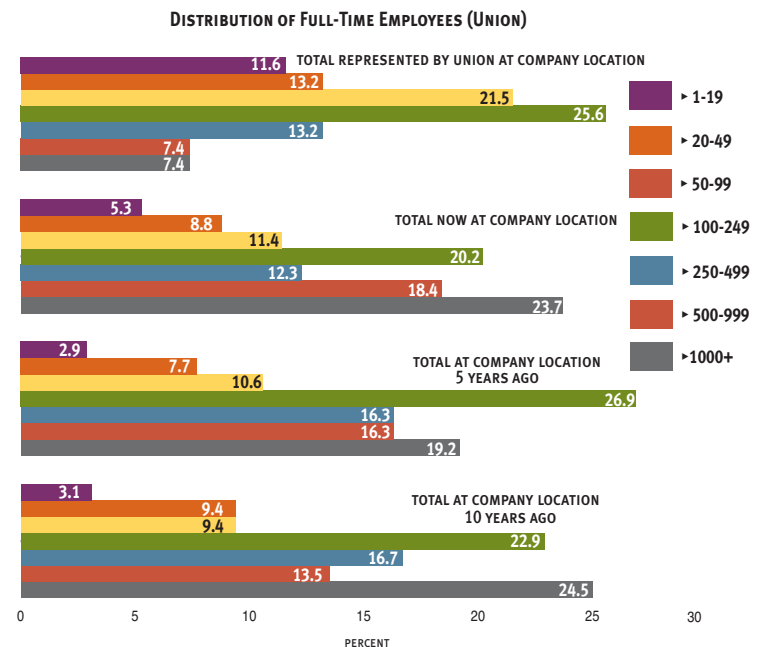
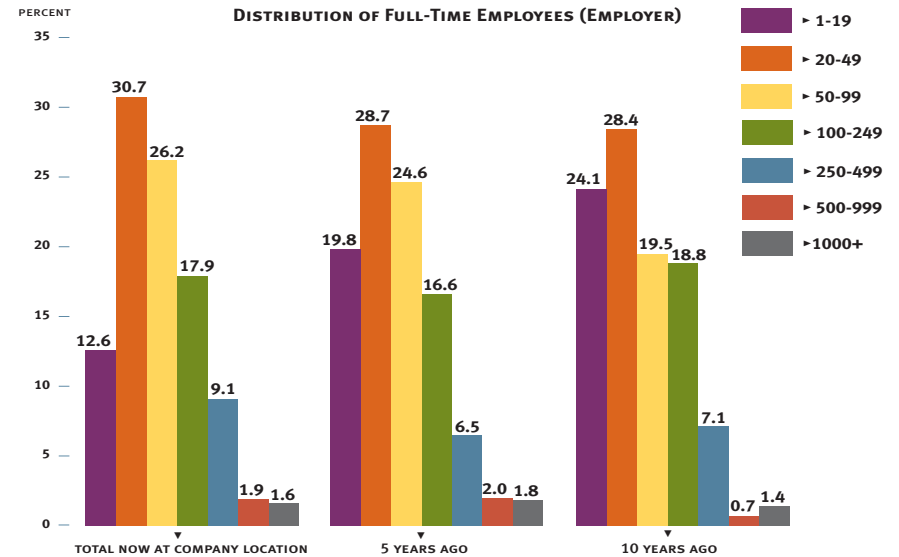
The distribution of surveyed employers across industrial classifications is reflective of Western New York’s private sector economy. Forty-two percent of employers were in service-producing enterprises, 26% in manufacturing, and 5% in construction, with the remainder distributed among transportation, utilities, agriculture and others. Forty-six percent of unions come from manufacturing, 19% from service-producing enterprises and 12% from construction. Within the employer group, non-union employers are more likely than union employers to be service producers; union employers are more likely to be found in construction, mining, transportation, and other categories. Union and non-union employers are equally represented among manufacturers.



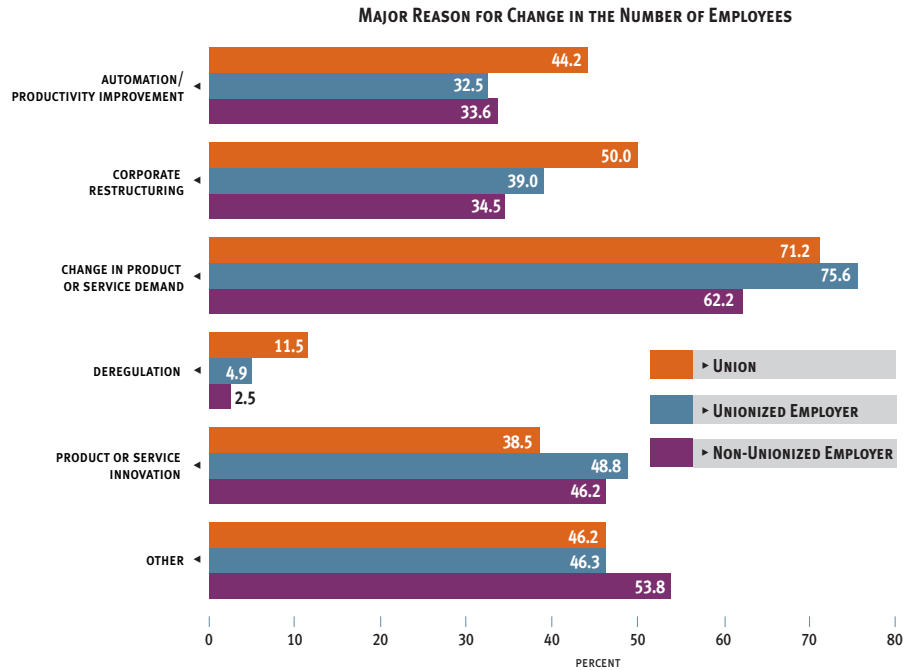
When examining enterprise size, we find that 26% of all the respondents fall in the 20-49 full-time employees category, the highest concentration. Following in order of increasing workforce size, 23% have 50-99 employees, 18% with 100-249, 10% with 250-499, 6% with 500-1000 and 7% with over 1000. Eleven percent of all survey respondents fall in the lowest category: 1-19 employees.



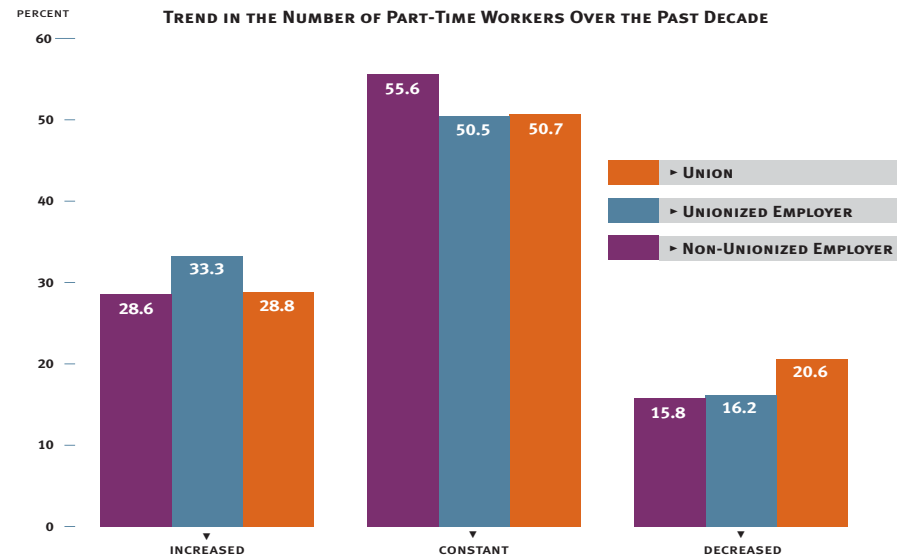
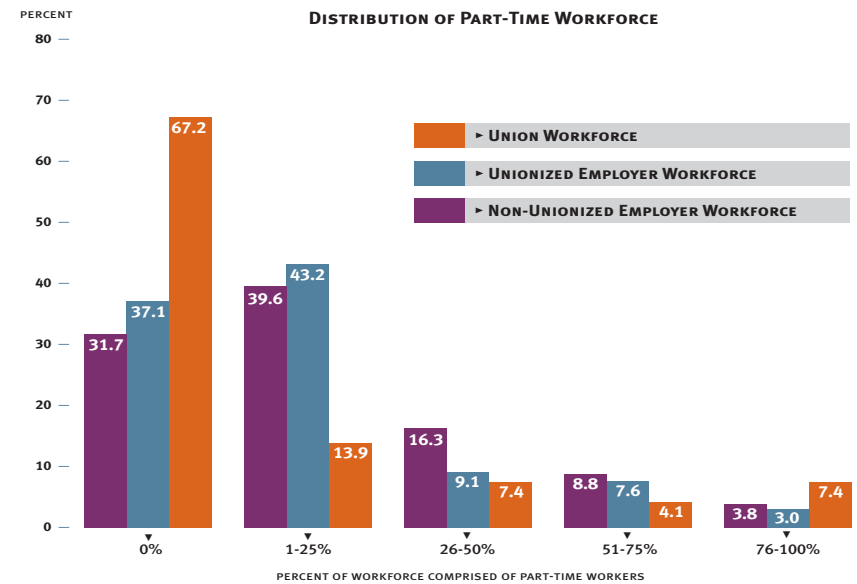
When the surveys were divided by respondent type, the modal categories changed somewhat. For example, the largest category for unions was 26% reporting 100-249 employees with their principal employer, while 31% of employers/union are located in the 50-99 employees range, followed by employers/no union with 39% in the 20-49 category. Clearly, unionized establishments are larger than non-union ones. The single highest category of full-time employees both five and ten years ago remained 20-49, but within categories there was some slight shifting. In general, unionized establishments tend to be larger, but they have experienced greater downsizing than non-union establishments.



When we asked what explained the employment changes, the main factor cited by all respondents was the change in the demand for products or services sold, followed by product or service innovation for employers, and corporate restructuring and automation or productivity improvement for unions.



Over 41% of all respondents indicate that they have no part-time employees, but there are differences across respondent groups. Using categories of 0%, 1-25%, 26-50%, 51-75%, 76-100%, the modal category for unions is 0%. (We asked unions what percent of their membership at that employer was part-time.) For employers, it is between 1-25%, with 41% of employers falling in this range versus only 14% for unions. Over the past decade, the use of part-timers remained relatively constant, as indicated by the modal responses of all three groups, although employers reported some increase and unions noted some decreases.



The surveys reveal that over 40% of the workforces are highly skilled (43% in the employer survey and 48% in the union one) and highly educated. For example, on average, employers say nearly one-third of their employees have obtained at least a four-year degree. When the employer group was divided by union status, we see that, on average, more unionized workers are highly skilled (47% reported by employers/union v. 41% by employers/no union), but the workforces of non-union employers have a higher percentage of moderately-skilled employees, on average (38% v. 33%). Unions also report an average of 38% moderately skilled workforces.

DISTRIBUTION OF SKILL LEVEL

SKILL LEVEL	NON-UNIONIZED EMPLOYER AVERAGE %	UNIONIZED EMPLOYER AVERAGE %	UNION AVERAGE %
Low Skilled	21	21	14
Moderately Skilled	38	33	38
Highly Skilled	41	47	48

DISTRIBUTION OF WORKPLACE EDUCATION LEVEL

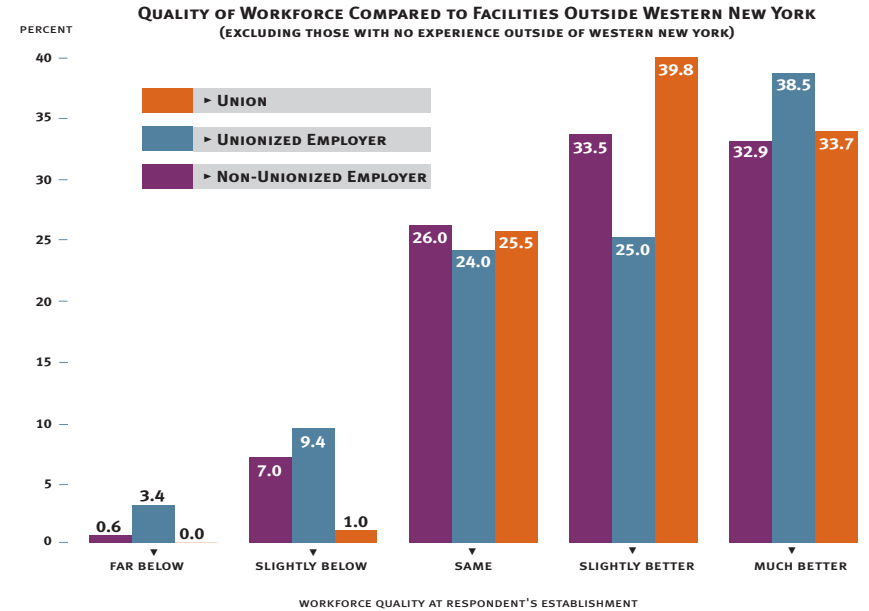
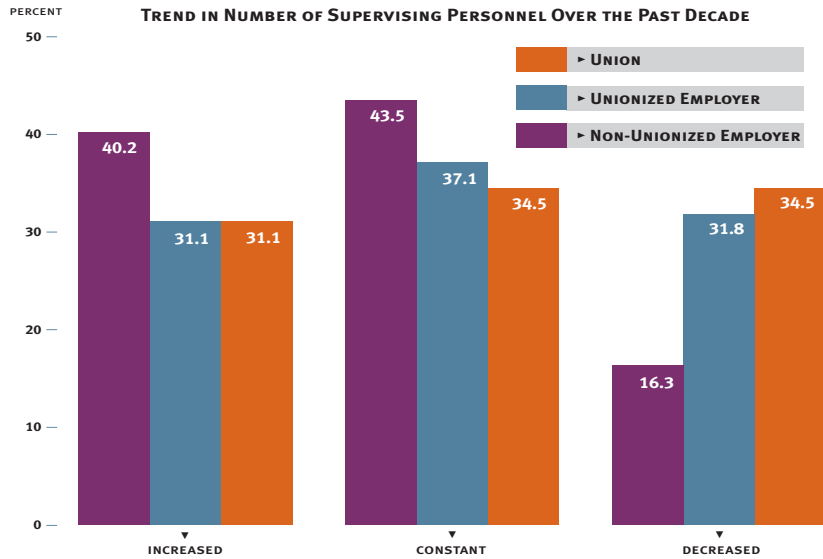
EDUCATION LEVEL	NON-UNIONIZED EMPLOYER AVERAGE %	UNIONIZED EMPLOYER AVERAGE %	UNION AVERAGE %
High School Degree	90	90	91
Two-Year Degree	28	26	27
Four-Year Degree or More	25	32	13

Employers say an average of 40 % of their full-time employees are blue-collar, 21% are professional/technical, and 13% fall in the supervisory/managerial category. When the employer survey was divided by union status, we found that non-union employers, on average, have a greater percentage of supervisory/managerial, clerical/administrative, and sales staffs than union shops (14% v. 10%, 13% v. 9%, and 14% v. 3%, respectively). On the other hand, union establishments have a greater percentage of blue-collar and professional/technical employees than do non-union employers (48% v. 36% and 27% v. 18%, respectively). A high percentage of blue-collar workers were described as highly skilled and highly educated.

DISTRIBUTION OF TYPE OF FULL-TIME EMPLOYEES

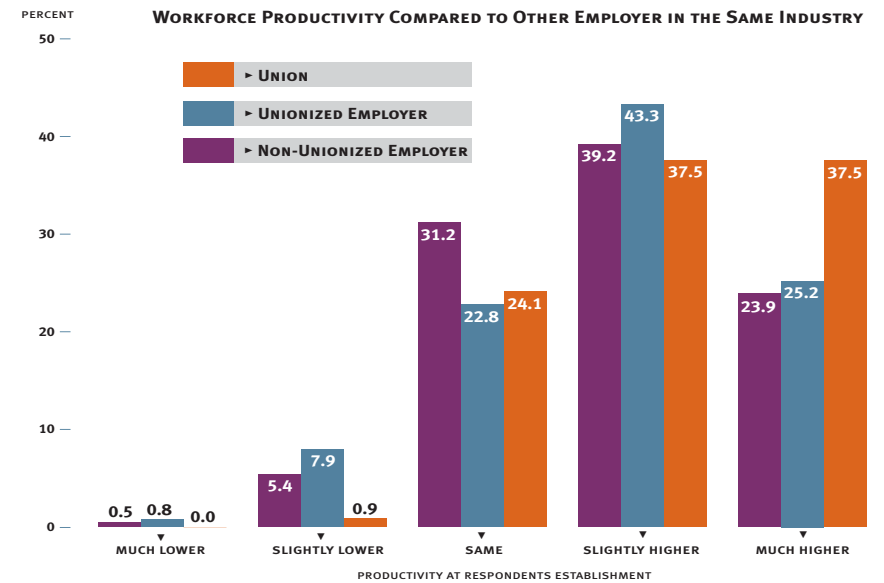
TYPE OF FULL-TIME EMPLOYEE	NON-UNIONIZED EMPLOYER AVERAGE %	UNIONIZED EMPLOYER AVERAGE %
Blue Collar	36	48
Supervisory/Managerial	14	10
Clerical/Administrative	13	9
Professional/Technical	18	27
Sales	14	3
Other	5	4

The trend in the number of supervisors over the last decade shows the modal responses falling in the constant range for all respondents, but differences appear across the two main surveys, with about 37% of employers showing an increase versus 31% for unions. Moreover, unions report greater percentage declines in the number of supervisors than did employers. (See following page.) Within the employer group, non-union employers increased their supervisory ranks to a greater extent than union employers. Evidence below regarding the greater use of flexible workplace practices in union establishments may explain the lower levels of supervision in union workplaces.¹⁰



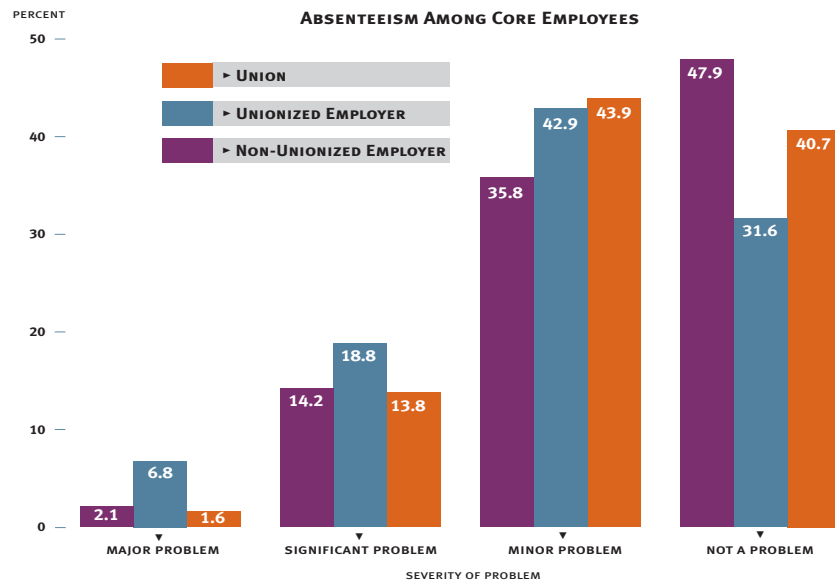
EVALUATION OF WORKFORCE QUALITY AND PRODUCTIVITY

For those who reported experience to make a comparison, 65% of all employers and 74% of unions say they believe they have a higher quality workforce compared with facilities outside Western New York. Excluding respondents who have not worked outside the area and, therefore, had no basis for comparison, 38.5% of unionized employers said their workforces were “much better” than those outside WNY, while nearly 34% of unions and 33% of non-union employers agreed. On the other end of the spectrum, barely three percent of all respondents thought that their workforces were of a lesser quality than those they had experienced elsewhere. On average, roughly 25% of all three groups noted workforce quality to be the same as it is outside the area. Overall, with no statistically significant differences in responses across the three groups, we find a strong consensus on high workforce quality in Western New York.



When we inquired about the respondents' workforce productivity compared with other employers in the same industry, we got consistent high marks for the region's workers. Nearly 69% of unionized employers, 63% of non-union employers and 75% of unions report their workforce productivity higher than that of other employers in their industry, with no statistically significant differences among the responses of the three groups. Roughly between one quarter and one third ranked their productivity equal to other like employers. Again, a nearly negligible 5% of all respondents ranked their employees' productivity lower than that of competitors in their industry.

Related to perceptions of workforce quality and productivity, respondents were asked to speak to absenteeism. Over 84% of unions indicate absenteeism is not a significant problem, while 81% of employers agree with them. In the few cases where it was a problem, employers were more likely than unions to indicate that it was. Further, union employers are more likely to report absenteeism to be either a "significant" or "major" problem than the other two groups. (Results reported below find that non-union employers are more likely to have flexible work schedules and offer sick leave than union ones. Absenteeism problems in union shops may stem from work schedule rigidity in union workplaces.)

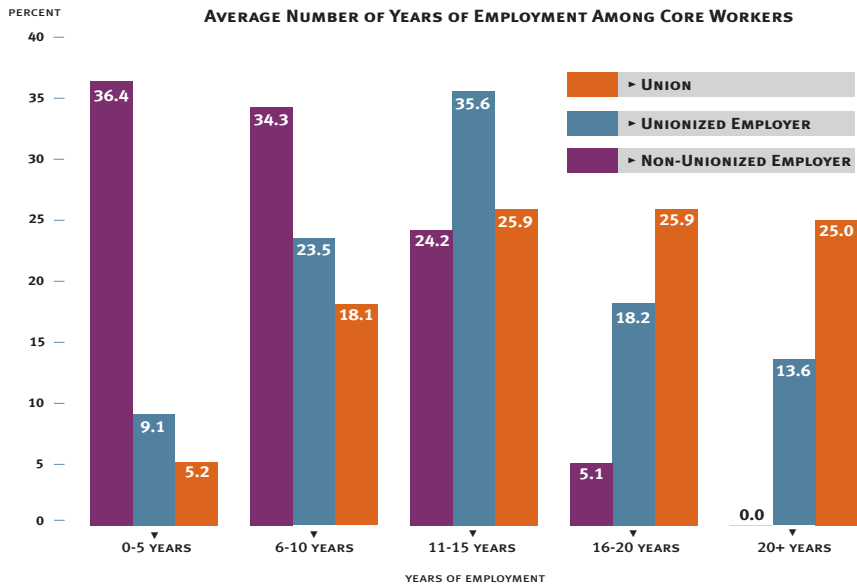


In the area of quits and all types of turnover, we found that unionized employers have more stable workforces. For example, the average overall quit rate among full-time employees over the last 12 months was 15% for non-union employers but 6% for unionized employers. The overall turnover rate for the same period showed similar results: 18% for non-union employers and 6% for union ones.

TURNOVER RATE FOR FULL-TIME EMPLOYEES OVER THE LAST 12 MONTHS

	NON-UNIONIZED EMPLOYER AVERAGE %	UNIONIZED EMPLOYER AVERAGE %
Overall Voluntary Quit Rate Among Full-Time Employees	15.1	6.3
Overall Voluntary and Involuntary Turnover Rate Among Non-Supervisory, Non-Managerial Full-Time Employees	17.6	6.2

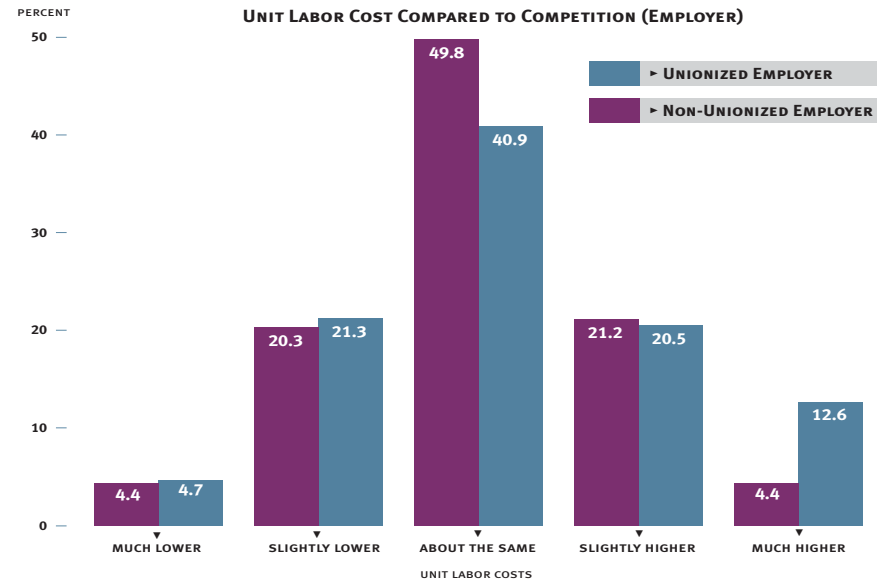
Higher unionized workforce quality and productivity may be partially explained by the stability and experience of the workforce. The surveys asked questions related to experience. The results show that the modal average number of years of employment among core employees (defined as non-supervisory, non-managerial employees, or those employees directly involved in the production of goods and services) vary across and within surveys. For employers as a whole, 30% fall in the 6-10 year range, while 26% of union respondents rest in two categories, 11-15 years and 16-20 years. (See following page.) Within the employer groups, the modal category is 11-15 years for employer/union (36%), but 0-5 years for employer/non-union (36%). In all cases, unionized workforces have greater seniority.



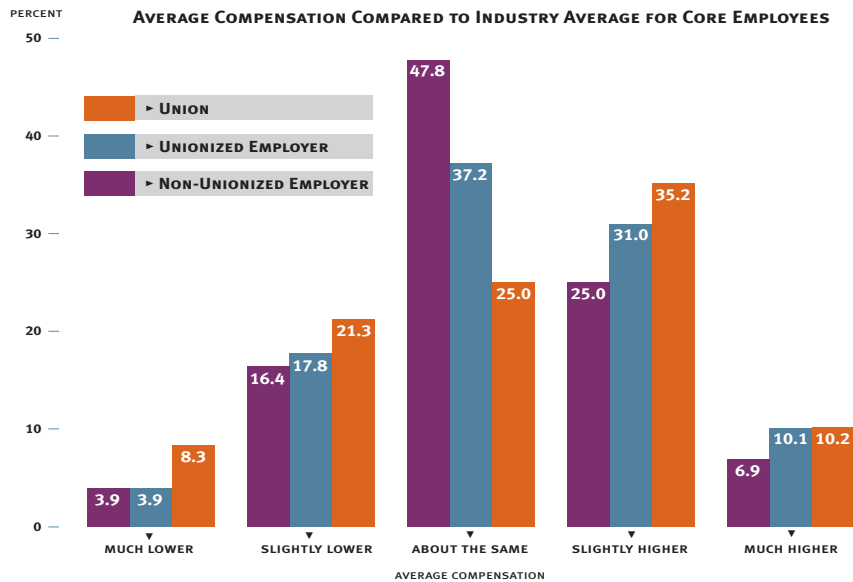
A highly productive, well-trained workforce is not only a competitive advantage to business, we would also expect it to command higher wages for workers and support a quality standard of living for families of Western New York. When we asked respondents to compare their unit labor costs and average compensation, we get quite a balanced picture. Nearly half of all employers say that their unit labor costs are about the same as their competitors, with about exactly one-fifth of them saying those costs are slightly lower and one-fifth saying slightly higher. Again, around 4% of employers report their unit labor costs as either much lower or much higher, with nearly 13% of unionized employers terming their costs much higher.

We asked all respondents to describe their average compensation for core employees compared with the industry average. Here we find some evidence that the high road economic development strategy is improving the economic well being of workers. The modal category for employers (48% for non-union-

ized and 37% for unionized) ranks their average compensation about the same as others in their industry, while 25% of union respondents agreed with that parity. The modal response for unions (35%) was in the category of slightly higher than the industry average. Among employers, 31% of those with unions and 25% of non-union employers also reported their average compensation slightly higher. Ten percent of both unions and unionized employers report their compensation much higher than the industry average, while 7% of non-union employers make the same evaluation.



Still, on the other end of the continuum, 29% of unions, 22% of union employers and 20% of non-union employers report their average compensation lower than the industry average, most of that being in the slightly lower category. Interestingly, 8% of the union respondents also rated their average compensation as much lower than the industry average.



In comparing compensation, workforce quality and workforce productivity to that of the competition, this survey clearly indicates that the Western New York workforce is far ahead on quality and productivity. On compensation, more workers are ahead than behind, but there is a wider distribution in reported differences. In conjunction with flexible workplace practices discussed below, this evidence provides a clearer picture emerging of a high road economic strategy.

FLEXIBLE WORKPLACE PRACTICES

This section of the survey examines the results related to flexible or high-performance workplace practices and supporting human resource practices. The accompanying table offers a comparative look at flexible practices across a number of surveys, including the Cornell ILR surveys we are reporting on here. Compared with the other national samples, Western New York employers and unions have engaged in flexible workplace practices (FWPs) to a greater extent. Employers especially report a higher use of teams, job rotation or cross-training and employee involvement in the purchase of technology. Only in the areas of TQM or quality systems and quality circles does Western New York fare less well. The union survey reveals slightly less extensive job rotation than establishments from the 1997 National Survey of Establishments.

When the employer survey is broken down by union status, we find that, with the exception of job rotation, union employers make more extensive use of flexible practices than do non-union employers. (See following page.) Moreover, when we compare employer/union and union results, we find the employer/union group indicating the adoption of flexible practices to a greater extent than that reported by union leaders. The only exception is in TQM or quality systems. Although the samples are not matched pairs, some of the difference could be explained by the fact that union leaders may be full-time union officers with labor relations responsibilities for several or many different employers and, therefore, not directly involved in daily workplace matters. Some of these practices may also be operating somewhat informally.

INCIDENCE OF FLEXIBLE WORKPLACE PRACTICES WESTERN NEW YORK COMPARED WITH NATIONAL RESULTS

FWP PRACTICE	NATIONAL SURVEY OF ESTABLISHMENTS (1992)	EMPLOYER TRAINING SURVEY (1993)	NATIONAL SURVEY OF ESTABLISHMENTS (1997)	CORNELL ILR WNY EMPLOYER SURVEY (2000)	CORNELL ILR WNY UNION SURVEY (2000)
Teams	54.5%	14.2%	38.4%	66.3%	53.0%
TQM or Quality System	33.5%	21.4%	57.2%	43.8%	53.0%
Quality Circles or Employee Involvement	40.8%	4.8%	57.7%	56.4%	53.3%
Job Rotation or Cross Training	43.4%	12.6%	55.5%	62.1%	46.2%
Peer Reviews	NA	11.1%	NA	24.7%	17.6%
Employee Purchase of Technology	NA	16.0%	NA	47.2%	27.5%

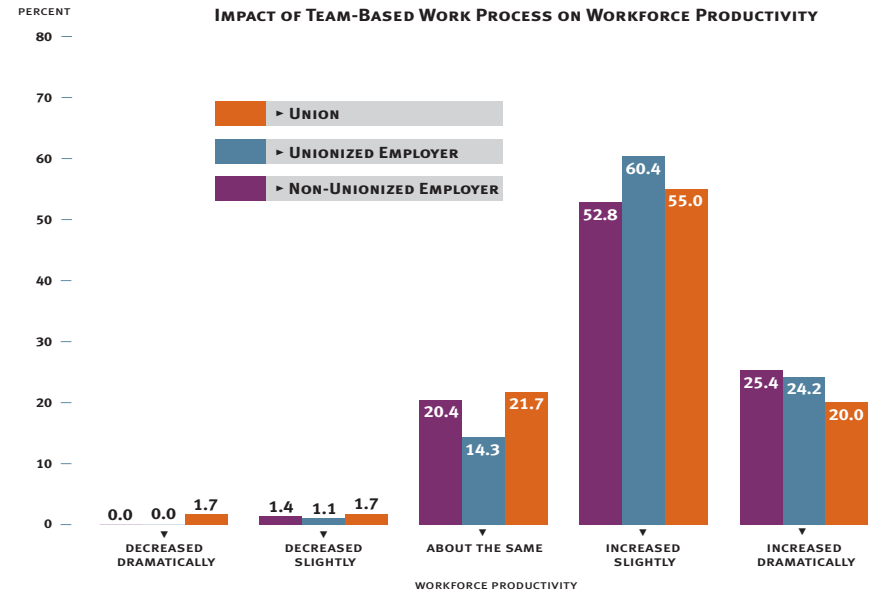
**INCIDENCE OF FLEXIBLE WORKPLACE PRACTICES
WESTERN NEW YORK SURVEYS BY UNION STATUS**

FWP PRACTICE	EMPLOYER/NON-UNION	EMPLOYER/UNION	UNION
Teams	63.2%	72.3%	53.0%
TQM or Quality System	41.6%	47.2%	53.0%
Quality Circles or Employee Involvement	51.9%	64.9%	53.3%
Job Rotation or Cross Training	69.7%	49.2%	46.2%
Peer Reviews	25.2%	24.2%	17.6%
Employee Purchase of Technology	43.4%	54.9%	27.5%

The Cornell ILR surveys were combined and then divided by employer size – fewer than 50 employees and more than 50 employees – and grouped by the number of FWPs. Results show that, overall, the modal category is at least three practices (28%). This held true regardless of employer size. In addition, just less than 6% of all respondents report no practices, a comparatively low figure. On the other end of the spectrum, only 3% report six practices. For the employer survey, data show that for establishments with less than 50 employees, about 56% of employer/no unions have three or more practices, while roughly 45% of employer/unions have three or more FWPs. When employer size rose to more than 50 employees, there was a reversal of the numbers: 76% of employer/unions had three or more FWPs, while 66% of employer/no union reached that level. Thus, size of the facility matters.¹¹

We tested the proposition that establishments that adopted more FWPs grew full-time employment over the past five years more than those that did not make use of FWPs. Data show that for the full range of practices (0-6), about 26% increased employment and 57% kept staffing levels the same. Strikingly, only in the “no practices” category was the modal response in the employment decline category. Moreover, results show that employment levels increase as FWPs increase up to four practices; it then levels off. Still, the majority of firms experienced no change in employment. The results were statistically insignificant over a ten-year period.

For those who have instituted team-based work processes, over three-quarters of non-union employers and unions reported that they increased workforce productivity, while 85% of unionized employers made the same claim.

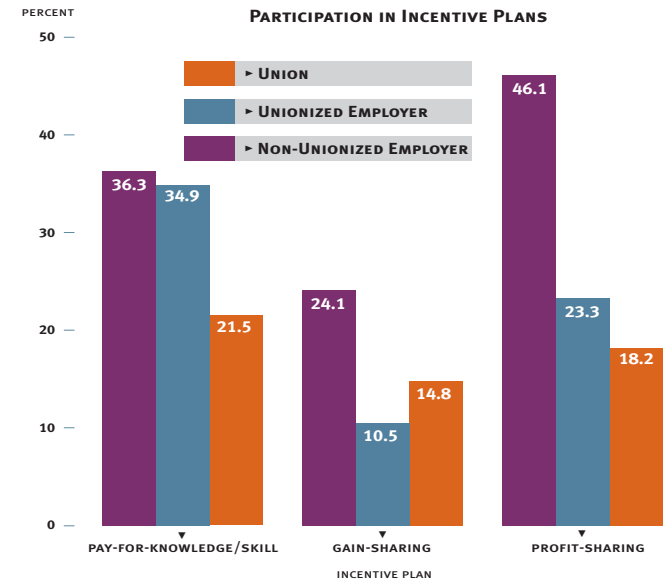


VARIABLE PAY

The academic literature shows that many establishments complement their flexible workplace practices with supportive human resource practices such as variable or incentive pay, generous benefits, and intensive training. We asked respondents in both larger surveys about the existence of these practices. Comparing the employer and union surveys, union leaders report a lower incidence of variable pay practices than did employers. For example, 38% of employers use profit-sharing versus only 18% for unions. Similarly, employers are more likely to report pay-for-knowledge or skills plans (36%) than unions (22%), while 19% of employers use gain-sharing versus 15% for unions. Overall, a minority of establishments supports their FWP with variable pay schemes.

We cut the data by union status and found that employer/no union establishments employ the three variable pay plans to a greater extent than both employer/union and union groups. However, it is interesting to note that, when the latter two groups are compared for all three pay plans, employer/union respondents indicate a greater use of variable pay than union leaders except for gain-sharing (15% v. 11%). Given the nature of the data and survey, we cannot ascertain whether these are real or perceptual differences.

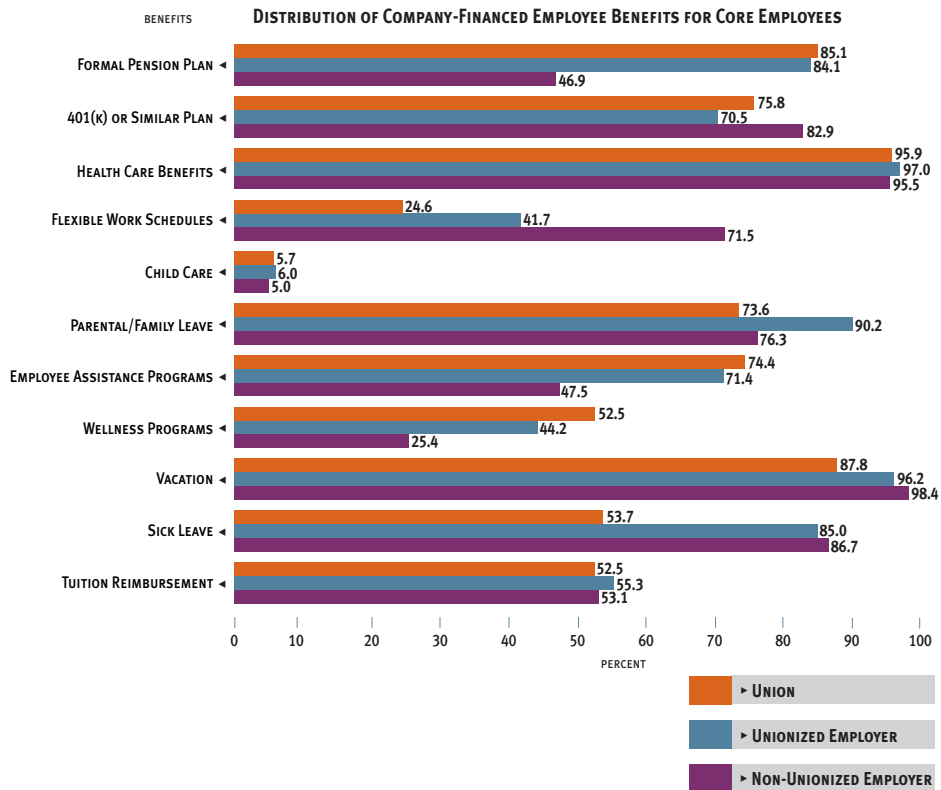
To compare Cornell ILR survey findings with the academic literature, we examined the relationship between FWPs and variable pay. We hypothesize that those establishments with at least two FWPs will use variable pay to a greater extent than those establishments that do not. Results show statistically-significant results for all three compensation practices. For example, 36% of workplaces that have pay-for-knowledge plans use at least two FWPs, versus about 18% that use fewer. The same findings held for profit sharing and gain sharing. In short, where workplace innovations are being adopted, Western New York establishments are implementing them somewhat systematically. This conclusion is further confirmed in the findings on workforce development, noted below.



EMPLOYEE BENEFITS

The surveys inquired about a wide range of employee benefit offerings for core employees. The largest differences between employers and unions can be found in about five of the 11 offerings. Unions report that 85% have pension plans but of all employers only 60% do. Union leaders also report more extensive employee assistance plans (75% v. 56%) and wellness plans (53% v. 32%). On the other hand, employers are more likely to have flexible schedules (61% v. 25%) and sick leave (86% v. 54%) than unions.

Within the employer survey, we found some noticeable differences by union status. For example, union employers are almost twice as likely to offer pensions than non-union ones, but the latter is more likely to have a 401(k) retirement plan than the union employer (83% v. 71%). Other areas in which a greater percentage of the non-union employers provide benefits include flexible schedules (72% v. 42%), vacations, and sick leave, where the differences are small. Conversely, relatively large differences appear where



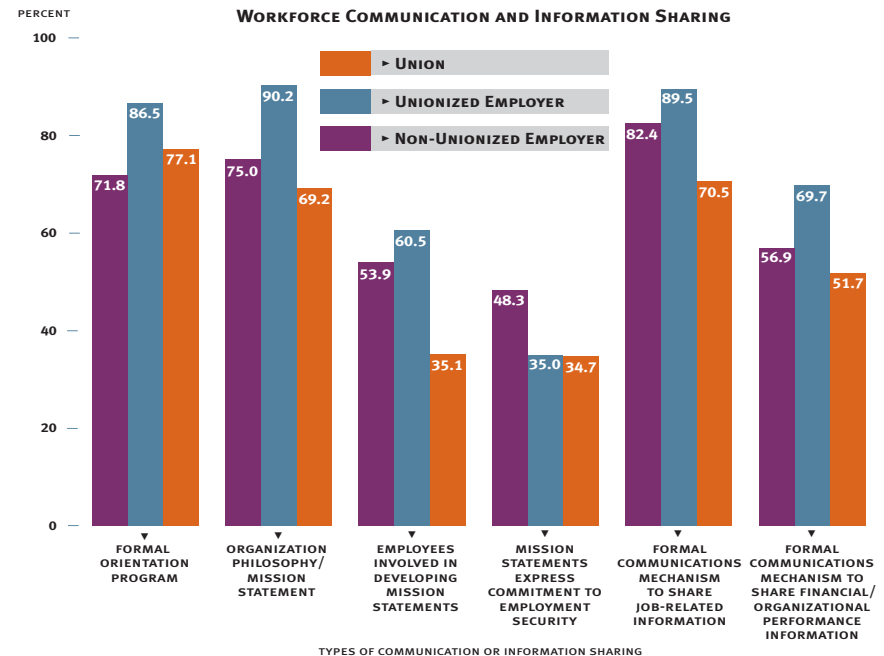
unionized establishments offer the following benefits to a greater extent than non-union employers: parental/family leave (91% v. 76%), employee assistance programs (71% v. 48%) and wellness plans (44% v. 25%). No statistical differences across the three groups appear for healthcare, child care and tuition reimbursement.

EMPLOYEE COMMUNICATIONS

Employee communications plays an important part in employee relations and fits well within a flexible workplace. We asked respondents questions about different aspects of communications mechanisms. Results from the employer and union surveys show that, while both groups experienced formal orientations to the same degree (77%), in the other categories employers

indicate more extensive use than union leaders experienced. The other communications avenues were: communicating the mission statement (81% v. 69%), employee involvement in creating the mission statement (56% v. 35%), commitment to employment security (43% v. 35%), providing establishment performance data (85% v. 71%), and providing company-wide financial and performance data (61% v. 52%).

When we divided the employer survey by union status, a different picture emerges. In all categories, with the exception of employment security, unionized employers use all these communications interventions to a greater extent than non-union employers from 7 to 15 percentage points. In all cases, the percentages are larger for employer/union than they are for unions. These differences may be attributed to perceptions and/or to distal relations to the

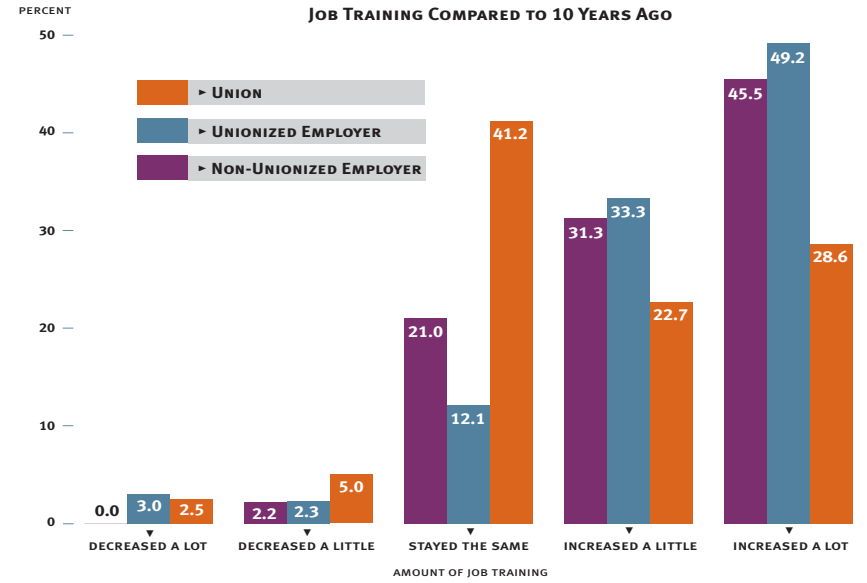
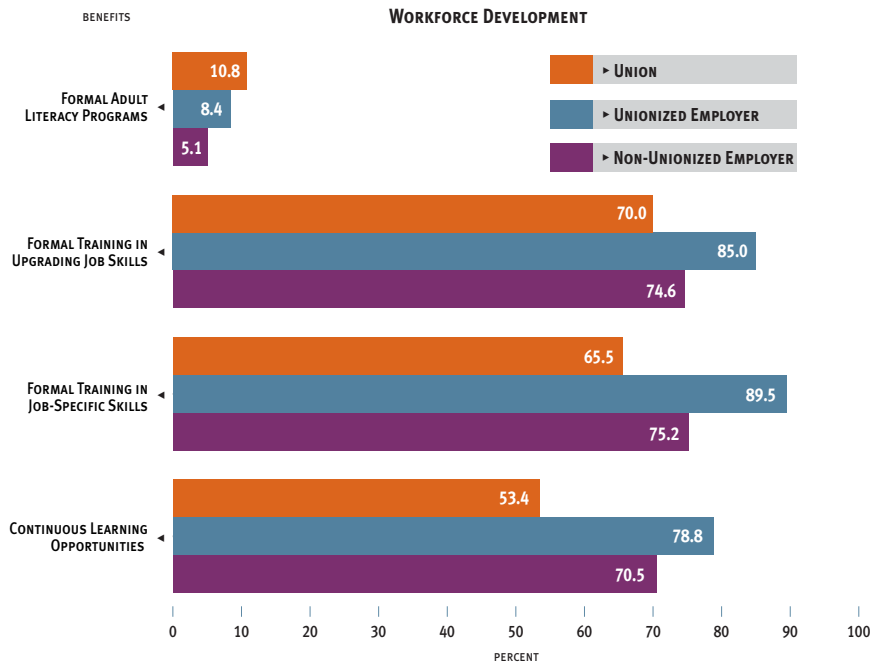


workplace in cases when union officers are full-time employees of the union. The survey results counter the myth that unions may interfere with management's ability to communicate with the workforce, showing instead that unions may facilitate better communications through these channels discussed here, as well as through the labor agreement, grievance procedures, and joint shop floor and other committees.

WORKFORCE DEVELOPMENT

The final important complement to FWPs falls in the area of workforce development or training interventions. With the exception of adult literacy programs, employers are more likely to report skill upgrades, job-specific training, and continuous learning than union officers in the union survey are. They also report more training over the last decade than unions did (79% v. 51%).

We also split the employer survey by union status and compared the three respondent groups. We found that for both unionized employers and unions, there is a greater incidence of adult literacy programs than in the employer/non-union. For other training-upgrading job skills, formal job-specific skills, and continuous learning, union employers report more training than both non-union employers and union leaders. For example, 85% of union employers report that they formally upgraded job skills (v. 75% for non-union employers); 90% of them formally enhanced job-specific skills (v. 75%), and almost 79% of unionized employers provided continuous learning opportunities (v. 71% for non union employers). Union respondents reported lower incidences of these types of training than both employer groups. Finally, where unions are present, they indicated that 38% of them are involved as full partners in training efforts, while 33% serve as overseers.



We also examined the amount of employer-financed training over the last decade by union status. Overall, about 80% of both union and non-union employers increased training during this time. (See previous page.) Results also show unions are more likely to indicate training stayed the same (41% v. 21% for non-union employers and 12% for union employers). However, unionized employers were more likely to report that training increased – both a little and a lot – more than the other two groups. The fact that unionized employers provide more training is not surprising; what is, however, are the differences that continue to appear between employer/union and union respondents.

Finally, as with variable pay plans, we wanted to see if there was a meaningful connection between the number of FWPs and training practices. Our findings show that establishments that have at least two FWPs are more likely to upgrade skills, offer job-specific training, and provide continuous learning. For establishments with two or more FWPs, 47% of firms increased training significantly, versus only 21% for those with zero or one FWP. Again, we see evidence that a fair amount of establishments are creating coherent bundles of new workplace and supportive human resource practices.

CONCLUSIONS

The picture that emerges from the analysis of the Cornell ILR surveys is that the workforce in Western New York is highly educated, skilled, stable, experienced, and has an excellent work ethic. Overwhelmingly employers and union representatives alike rank their workforces far above their competitors in both productivity and quality. Compensation is reported to be more comparable to slightly above industry averages. Compared with nationally-representative surveys of workplace practices, employers and unions in Western New York exhibit more high-performance or flexible workplace practices. Only in organization-wide quality initiatives does this region fall slightly below national rates. Unionized employers appear to be ahead of non-union ones in terms of incidence of such flexible practices, except for job rotation.

Unionized firms also have developed a variety of formal employee communications mechanisms that complement workplace interventions. They also offer more extensive training opportunities for their employees. The only human resource function that seems to be below national rates is in the area of variable pay. Overall, unions are actively engaged in progressive workplace practices. Unionized employers corroborate such findings as noted in their responses regarding their workforce's excellent quality and productivity. In the next chapter, we examine the labor relations climate of Western New York's workplaces.

¹ Thomas Kochan, Harry Katz, and Robert McKersie, *The Transformation of American Industrial Relations* (New York, 1986, 1994).

² Thomas McGraw, *American Business, 1920-2000: How It Worked* (Illinois, 2000).

³ Paula Voos, ed., *Contemporary Collective Bargaining in the Private Sector* (Wisconsin, 1994); Eileen Appelbaum and Rosemary Batt, *The New American Workplace: Transforming Work Systems in the United States* (New York, 1994).

⁴ Paul Osterman, "How Common is Workplace Transformation and Who Adopts It?" *Industrial and Labor Relations Review*, v. 47, no. 2 (January 1994).

⁵ Neither the presence of a union nor pressure for short-term profits were statistically important to the research outcomes. The use of employment security also was not a factor in the results.

⁶ Maury Gittleman, Michael Horrigan, and Mary Joyce, "Flexible Workplace Practices: Evidence From a Nationally Representative Survey," *Industrial and Labor Relations Review*, v. 52, no. 1 (1998).

⁷ Paul Osterman, "Work Organization in an Era of Restructuring: Trends in Diffusion and Effects on Employee Welfare," *Industrial and Labor Relations Review*, v. 53, no. 2 (2000).

⁸ All of these rates are for practices involving 50% or more of the enterprise's employees, making comparisons to the 1992 survey inexact.

⁹ Eileen Appelbaum, Thomas Bailey, Peter Berg, and Arne Kalleberg, *Manufacturing Advantage: Why High-Performance Work Systems Pay Off* (Ithaca, New York, 2000).

¹⁰ This finding may dispel the myth that union forms are less productive, which the economic evidence does not support. The results of this survey show that union establishments are more flexible than non-union shops.

¹¹ The national surveys discussed above also found size to be an important factor. In the current survey, the latter finding should be interpreted cautiously, as there were small samples in a number of cells in the frequency distribution tables. Still, there is evidence here that unions in larger workplaces may be more experimental and innovative than smaller employers are.





INTRODUCTION

Examining the industrial and labor history of Western New York is like peering through a magnifying glass at the nation's economic history. In this region, as throughout the country, the New Deal industrial relations system fit well within a stable yet expanding economy. Competition, especially from foreign companies, was limited. Intermittent recessions between the end of the Great Depression and the early 1970s did not topple it. A key aspect of this industrial relations system was the integral role of unions. With the imprimatur of Congress's passage of the National Labor Relations Act in 1935, organized labor, especially in heavy industry, became a force to be reckoned with. Union membership grew from just over 11% in 1930 to 35.5% at its peak in the years 1945 to 1954. Between 1940 and 1945, absolute union membership rose from 8.7 million to 14.3 million.

Numbers alone, however, fail to tell the whole story. According to industrial relations scholars Kochan, Katz, and McKersie, "unions were able to spread their influence into an expanding array of working conditions. Negotiated agreements grew in length and complexity and thereby codified the detailed regulations governing the expanding array of provisions on wages, fringe benefits, and other working conditions."¹ In economic terms, this system created America's middle class, creating unparalleled opportunity for millions.

In many industries, management worked hard to contain union incursion by negotiating – and taking strikes over – strong management prerogatives clauses. In effect, such clauses gave management unilateral rights to make strategic business decisions. With the support of the federal courts and the National Labor Relations Board, management held unions at bay. Unions still

retained influence on the shop floor and at the negotiations table, but they were virtually absent from the boardroom, locked out of business planning. Union organizing slowed by the 1950s in the context of a more conservative political environment, economic recession, union saturation in key industrial sectors, and management aggressiveness. From the mid-1950s onward, union density rates continued to fall, such that by 1984 they approximated the figures from the late 1930s (19%).² The era of Reaganomics and political conservatism throughout the 1980s further weakened organized labor. Without a coherent strategy through the early 1990s, union density rates continued to sag. Today, private sector unions represent about 10% of the workforce.

Moreover, during the 1960s, a small but influential group of large non-union employers was experimenting with new forms of employee relations practices. Whereas the unionized sector took the initiative in establishing a number of workplace innovations in the two preceding decades, by the 1960s it was the non-union sector that did. With the help of behavioral scientists and changing worker attitudes, the New Deal industrial relations system appeared anachronistic and, rightly or wrongly, bore some of the blame for the decline of America's economic prowess since the 1970s. A new human resource management system, often non-union, took hold.³

Unionized employers, under threats from heightened economic competition, began to change the nature of labor-management relations. Beginning around 1980, a number of trends started to emerge in collective bargaining. First, employers became more confrontational at the bargaining table, demanding that unions make concessions in areas such as wages, benefits, staffing levels, work rules, etc. To gain tactical leverage, some employers used threats of work

relocation, replacement workers, and the implementation of new work rules. In a number of cases, they carried out these threats. Second, some employers opted for a less heavy-handed approach and sought more joint or cooperative programs with unions. This often occurred where the union was firmly entrenched in the workplace, and/or where labor relations had been cordial. In other cases, management implemented these programs unilaterally. In both instances management's objectives have been to raise productivity and lower labor costs.

Unions, likewise, pursued different strategies to reach their goals of improving the work life and economic well-being of workers. Often, a union's strategy depended upon that taken by management. When management pursued a "low road strategy" of anti-unionism, low wage competition and concessionary bargaining, unions were understandably confrontational. On the other hand, when employers adopted a "high road strategy" of high skill, high-quality competition, unions could obviously find much more on which to cooperate. In actual practice, of course, there were complex challenges and strategies that did not fit neatly into either of these conceptual frameworks.

Sometimes unions themselves initiated programs, such as Quality of Work Life (QWL), that had features of what we have come to call high-performance work systems, basing them on traditional union values. Some union leaders saw meaningful input in workplace decisions or employee involvement as a means to promote workplace democracy. Of course, unions had always advocated worker training and skill development, and the union label, with its superior quality requirements, predated the new management focus on quality production.

Other trends in private sector labor relations in the last two decades included declining real wages, greater concerns for job security, and a movement toward decentralized or more localized bargaining structures.⁴ Cornell University industrial relations scholar Harry Katz argues that the most influential reason contributing to decentralized bargaining has been the greater use of work reorganization, which most often occurs at the enterprise level. It is at this level that the parties are able to identify and implement new, more flexible forms of work organization.⁵ For this reason, a closer examination of practices at the local level is particularly revealing today. Precisely because of this decentralization, the workplace practices and norms that characterize a region can create a unique competitive advantage.

Where labor and management have transformed their relationships from adversarial to cooperative, they have done so by working to build greater trust and respect for each other's positions at the bargaining table. In some relationships they have incorporated a number of mutually-reinforcing principles and supportive human resource practices, including:

- ▶ employee involvement at the strategic level
- ▶ staffing stabilization
- ▶ investment in training and development
- ▶ contingent pay that reinforces cooperation, participation, and contribution
- ▶ selection of skilled employees
- ▶ enlarged and enriched jobs that facilitate teamwork
- ▶ employee involvement in problem solving
- ▶ alternative dispute resolution and conflict prevention

Some scholars have called these principles "mutual gains" because the term conveys the message that "achieving and sustaining competitive advantage from human resources requires the strong support of multiple stakeholders in an organization."⁶ While the evidence shows widespread experimentation with new forms of workplace organization, the extent of such changes at the national level remains limited and piecemeal. In practice, labor relations still run the gamut from "low trust/high conflict" to "high trust/low conflict" and everything in between. Of course, labor and management may cooperate very successfully to improve competitiveness and then still have strong differences over how the fruits of those labors are divided.

The Cornell ILR survey found range and variety here as well; however, the picture that emerges provides empirical evidence for the region's growing pride for its labor relations and workplace successes.

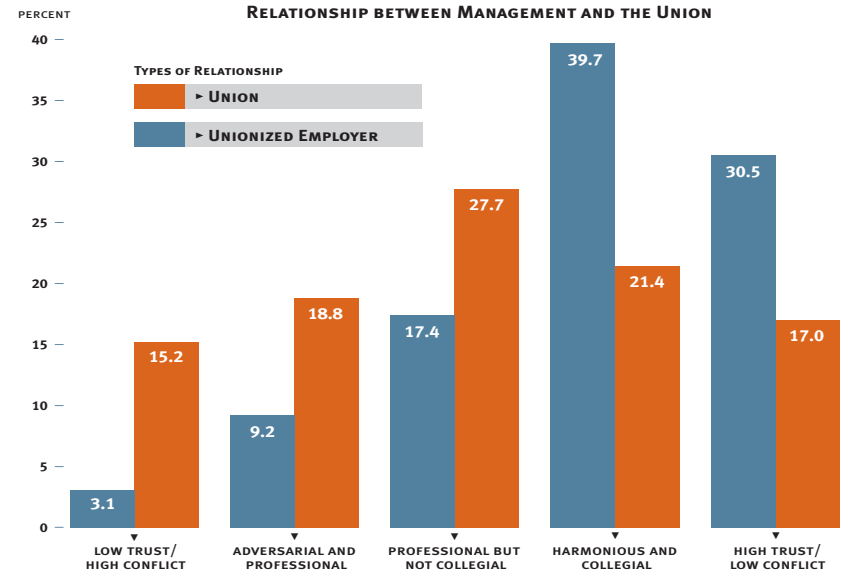
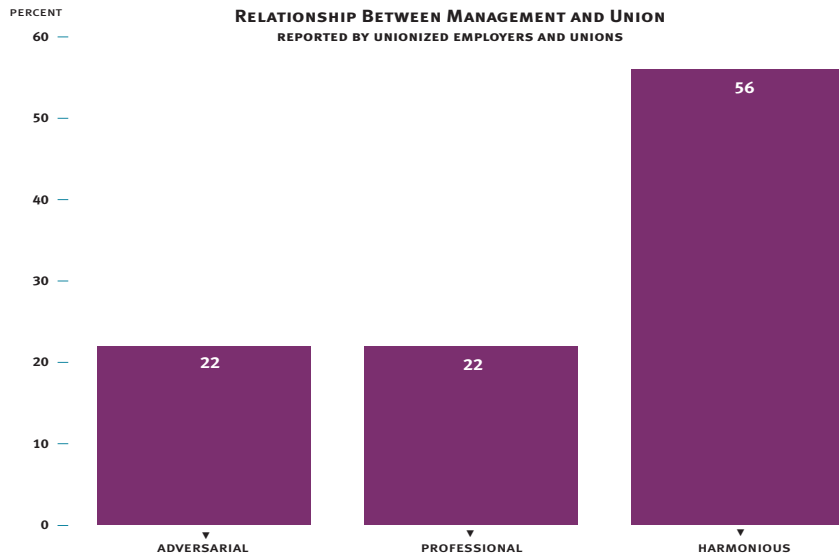
CORNELL ILR SURVEY OF LABOR RELATIONS

Survey results indicate that 35.5% of private sector employers are at least partially unionized. Those employers also report an average of 2.1 unions in their companies. Of the employers with unions, moreover, 94% say their core employees are represented by a labor union with, on average, 79% of their total workforce unionized. Unions report an average of 13 contracts in effect per local; this number perhaps reflecting the trend toward mergers or amalgamations of local unions.

LABOR-MANAGEMENT RELATIONSHIPS

Managers and union leaders were asked to characterize the state of their labor relations, with a choice of five descriptive categories. When we grouped the five descriptors into three categories – “Adversarial,” “Professional,” and “Harmonious” – we found that a rather stunning 78% of the respondents identify their labor relations as “Harmonious” (56%), or “Professional” (22%). “Adversarial” relations were reported by only 22% of respondents, 34% for unions; and only 12% for employers.

Over 71% of unionized employers say their labor relations are either “Harmonious & Collegial” or exhibited “High Trust/Low Conflict,” but only 38% of union leaders describe labor relations in the same manner. Union leaders are much more likely than managers to characterize the state of union-management relations as either “Adversarial & Professional” or “Low Trust/High Conflict.” Union leaders’ perceptions of labor relations may be colored by their roles as agents of their members, for whom they sometimes have to fight to maintain or improve economic and work life conditions.



LABOR-MANAGEMENT RELATIONS AND HIGH-PERFORMANCE WORK

Further, we wanted to see the relationship between the number of Flexible Workplace Practices and the state of labor relations. Results show that the modal response (35%) intersected at “High Trust” and at least three flexible practices. The modal response for the “Professional” category (32%) also intersected with three practices. But the modal response (24%) in the “Low Trust” column crossed with one flexible practice. These statistically-significant findings show a connection between good labor relations and the incorporation of flexible workplace practices. Thus workplace changes are more likely to occur when labor and management have built trusting relationships, as in the Western New York experience.

We then examined independently the relationships between labor relations climate and two other variables: the evaluation of workforce quality and productivity. The results showed no statistically-significant relationships between labor climate and productivity and quality. However, as reported in Chapter 3, unionized employers say their workforces are more productive

and of higher quality than non-union ones. This finding is consistent with those from a 1997 study that examined the impact of workplace practices, information technology, and productivity. These economists found, among other things, that unionized establishments that have adopted “transformed” industrial relations practices to promote joint decision making, coupled with incentive – based pay, have higher productivity than other similar non-union plants, while those businesses that are unionized but maintain more traditional labor-management relations have lower productivity.⁷

CONTRACT NEGOTIATIONS

Even in the current context of rapid economic change, 71% of union leaders and 70% of employers reported that they successfully negotiated the last labor contract in the same or less time than the previous one. Consistent with national trends, incidence of strikes and lockouts are very low. Here, only 6% of employers and 11.5% of unions report an occurrence of labor unrest over the past five-year period. For both the time needed to settle the most recent contract and labor unrest variables, there were no statistical differences between the responses of the unions and the employers at the 5% level. In short, the parties been able to agree on new contracts with a high degree of success.

Government statistics confirm our survey data on strikes and lockouts and indicate very clearly that Western New York’s strike activity is far below the national average.

FEDERAL MEDIATION AND CONCILIATION SERVICE DATA

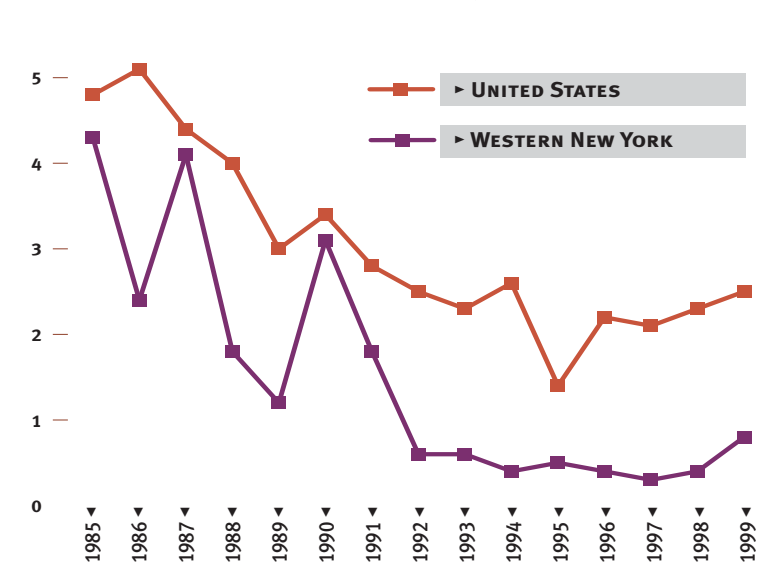
The Federal Mediation and Conciliation Service (FMCS) keeps official records on all collective bargaining contracts in the private sector. Although that national information is made available in annual reports, the data are not reported by geographic area. For this study, FMCS complied with our request for information by supplying us with comparative data from 1985 to the present for the eight counties of Western New York.

For the last 15 years, employers and unions in our region utilize FMCS mediation services slightly below the national average in contract renewals, with no discernable trend over the time period. Labor and management in Western New York were able to reach agreement in initial contracts in a slightly

higher percentage of cases than was true for the U.S., and the parties also called on FMCS mediators slightly more often than the national average for first contracts. Those latter regional numbers, however, are quite small and, therefore, more subject to variation.

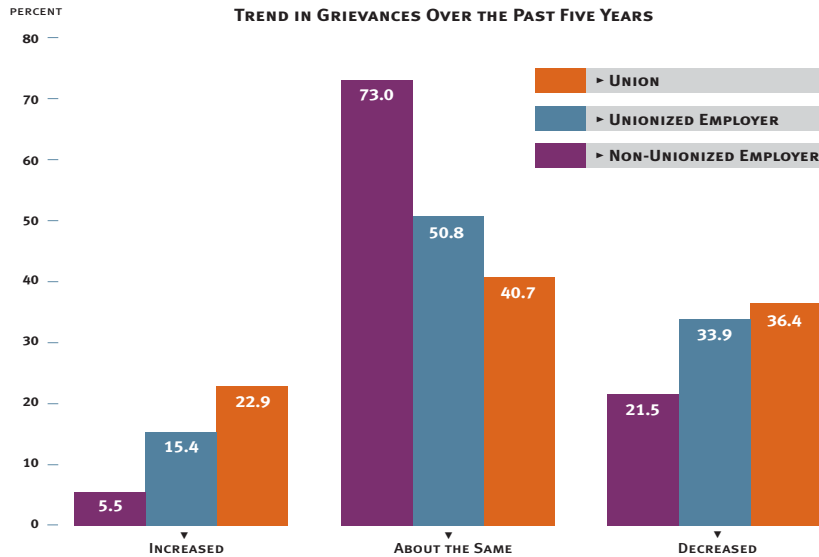
The most remarkable comparison was in data on work stoppages. In no year since 1985 has Western New York experienced a work stoppage rate that reaches the national average. As is generally known, strikes and lockouts are occurring at record low levels in the United States; in Western New York the rates are even lower. Since 1990, work stoppages in our region were well below half the national level and occurred in less than one percent of all contract negotiations.

PERCENT
**WORK STOPPAGES AS A PERCENT OF CONTRACTS NEGOTIATED
PRIVATE SECTOR, 1985-1999**



GRIEVANCES

In terms of daily labor relations, 42% of unions report between 0-4 grievances filed over the past 12 months. Employers indicate 53% had 0-2 grievances, with the modal response at zero. Moreover, 58% of the respondents experienced the same amount of grievance activity over the last five years,

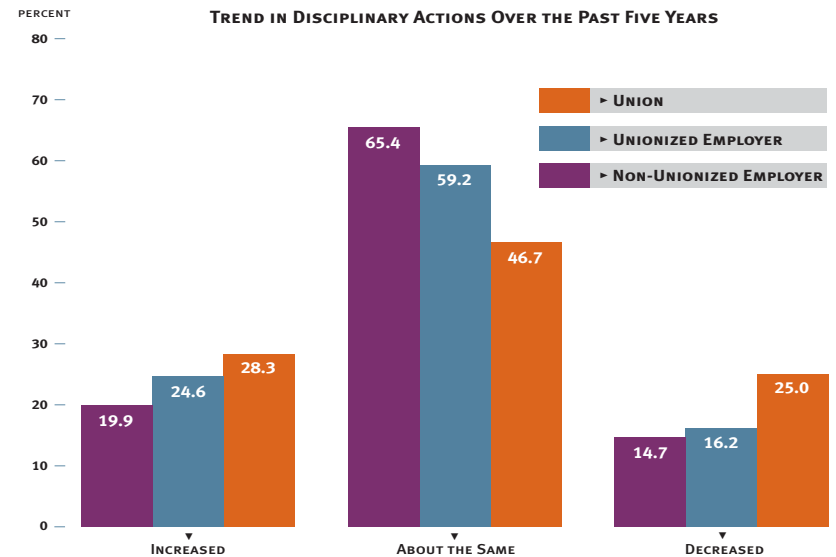


while 29% say it decreased over the same period (only 13% said grievances increased). Most notably, among employers, 34% of unionized employers report a decrease in grievances, while only 21% of non-union employers experienced a decrease. Over 70% of non-union employers say grievance activity remained constant over the period; only 6% say it rose somewhat, versus over 15% for unionized employers and 23% recorded by union leaders.

As a matter of practice, fewer non-union employers operate formal grievance procedures, thus archival data are less likely to exist. Non-union employers made that observation in the study; therefore, the fact that the majority of non-union employers note that grievance activity stayed the same or declined vis-à-vis unionized employers should not be interpreted to mean that employee relations are better in non-union workplaces.

DISCIPLINARY ACTIONS

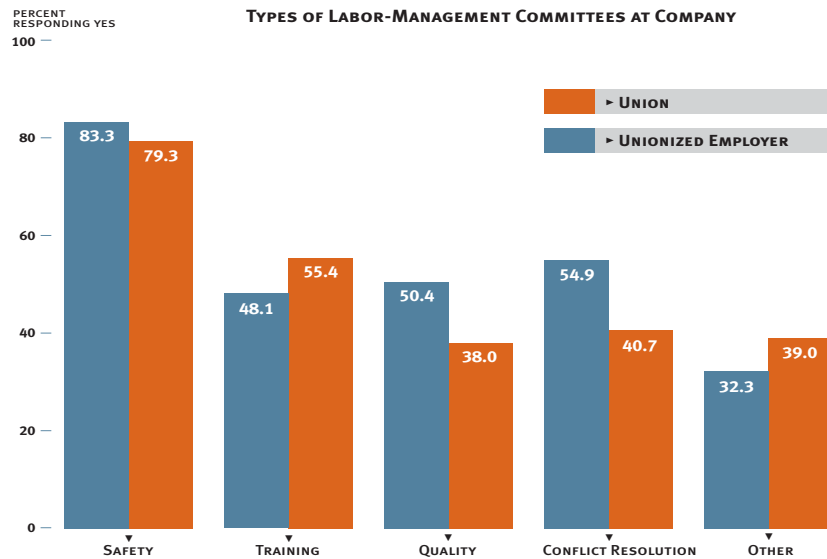
Fifty-nine percent of respondents from all three survey groups say that disciplinary actions remained the same over the past five years. However, 25% of union respondents said disciplinary actions fell, but only 16% of employer/union respondents and 15% of employer/no union report declines. Overall, less than a quarter of all survey respondents note increases, but employer/no union respondents were less likely to experience increases than the other two groups.



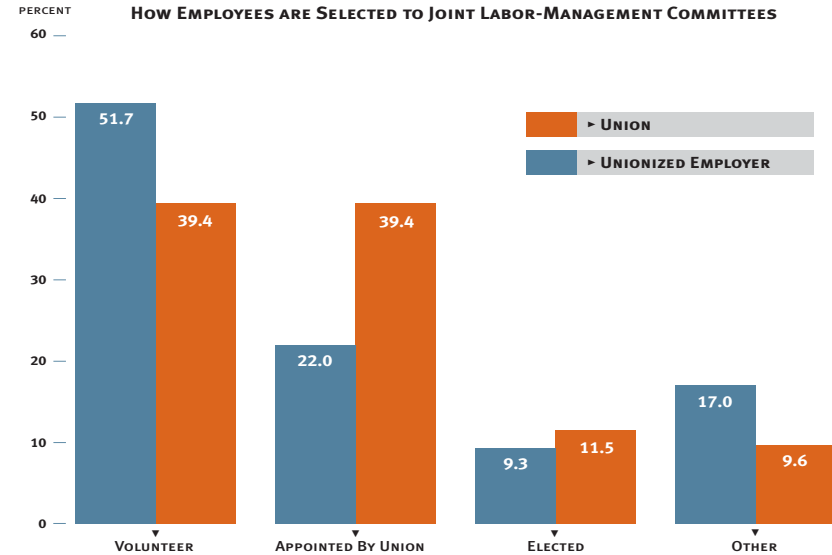
These key measures of labor relations climate reveal very good labor relations in Western New York. While labor and management have occasional disputes, strikes and lockouts remain limited, grievance procedures have not been taxed, and employee discipline is only a minor issue. As reported by employers as well as unions, collective bargaining functions very effectively in our region.

JOINT LABOR-MANAGEMENT PROGRAMS

Joint programs exist in Western New York workplaces as they do outside the region. We asked participants to indicate which types of joint committees operate in their establishments. We found that roughly 80% of unionized employers and unions have joint safety committees; about 50% (48% for union employers and 55% for unions) have joint training committees, but there are differences with quality committees. Unions report 38% of their establishments have them, while 50% of unionized employers said so.



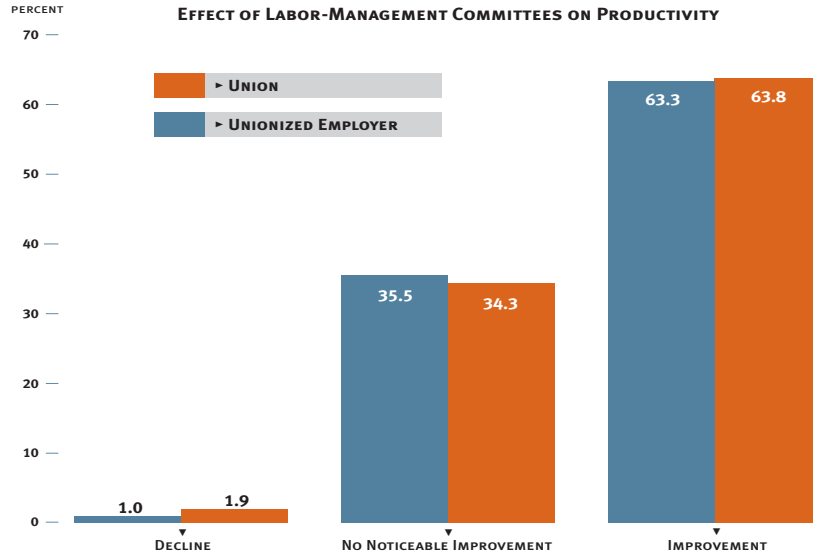
Another similar and significant difference appeared with problem-solving committees (55% reported by unionized employers v. 42% by unions). The differences reported regarding quality and problem-solving may be related to the informal nature of these committees and the possibility they are not written into labor agreements the way safety and training committees are.



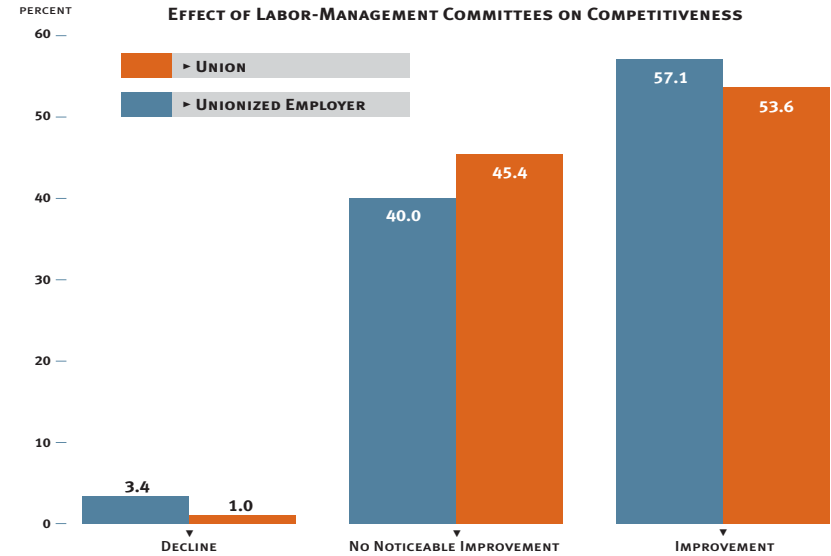
Unions report that almost 80% of their members volunteer (39%) or are appointed (39%) to these committees, whereas 52% of unionized employer respondents indicate union members volunteer and 22% are appointed by the union. Union leaders replied that 12% are elected (versus 9% in employer/union group). Overall, 46% of both groups say committee participants volunteer. In this case, managers may not be fully aware of the procedures involved to distinguish between volunteering and appointing. For example, union members may volunteer to serve and, from this group, the union may appoint them, or the union may recruit specific people to “volunteer.”

JOINT PROGRAMS, PRODUCTIVITY AND COMPETITIVENESS

Survey results indicated that 63% of both unionized employers and unions believe that these joint committees improved productivity, while less than 2% thought they had a negative impact on productivity. About one-third in both groups noted no changes in productivity that could be attributed to joint programs.



Results were similar for the impact on competitiveness, with 57% of unionized employers and 54% of unions reporting improvement in competitiveness by joint labor-management programs. Again, no more than 2.5% reported a decline in competitiveness. In just about every category, employer/union and union responses were very similar, indicating general agreement in their favorable assessment of the impact of joint programs.



CONCLUSIONS

The state of labor relations in Western New York can be characterized as ranging from cooperative to very trusting. While there are some cases where relations are sour, the weight of the survey evidence paints a picture of unions and companies working together in a productive partnership. Strikes and lockouts, grievances, and discipline are limited. These findings support those from Chapter Three.

More than just getting along peacefully, workers, unions, and companies in the region have been implementing flexible workplace practices to a greater extent than the national average. The experienced, stable, educated, skilled workforce has been able to adapt well to workplace changes. However, factors outside the workplace, such as economic growth, capital investment, trade policies, labor laws, tax rates, interest rates, and other macroeconomic variables matter a great deal. Sustained regional economic competitiveness in the long run requires a supportive set of public economic policies that can nurture these transformational workplace practices.

IN THEIR OWN WORDS, UNION LEADERS TALK ABOUT. . . .

THE WORKFORCE

We're the only producer in the U.S. of what we produce. Within the chemical industry as a whole, however, we're higher [in productivity]. They really know the business. That's one thing we're proud of. We don't even have any supervisors at night.

We are a professional, well-trained union workforce.

Right now a lot of people [our members] are working out of the area, and I have been getting accolades.

WORKPLACE COMMUNICATIONS

Yeah, after a few of those meetings, productivity goes up. Attitude is better, people feel part of the company, not just a number and a paycheck.

I think it's good what you're doing. Communication is at a higher level than ever before—health and safety issues, competitiveness. Benefits result from this and we get greater success from pulling together.

People perform better with information and clear goals.

I think when they do it, they're very effective. Nobody knows a job like the people that do it, so any time you can get their input, you're golden. They just don't do it enough.

They sort of pick and choose; at different times, there are different meetings. It's a meeting place. Every time you turn around you have to go to a meeting about something.

Because of communication and not working as a team, lack of team concept. It's the old rules that management dictates down rather than having the worker come up to this ideas. That communication isn't there unfortunately. In today's world, you have a higher educated workforce than years ago. These people go to work and become someone who can't make a decision. I think that if you're talking about competing today, you have to utilize everything and everybody. You can't do it yourself today.

The company doesn't believe we're smart enough to have quality input.

WORKFORCE TRAINING

This was one of our union recommendations. The company was looking for ways to increase productivity, and the union suggested cross training, and that was put in our recent bargaining agreement.

Courses are given through the union and financed by the union, as negotiated in the collective bargaining agreement.

We pride ourselves [on our education], through our union hall as well.

You don't need much [outside] training, much of it is left to the union; we use the senior union employees to pass it on to young ones.

IN THEIR OWN WORDS, BUSINESS LEADERS TALK ABOUT. . . .

THE WORKFORCE

I am pretty sure that the quality of our workforce is head and shoulders above the rest. I've worked in several states plus Canada.

The best that I have had and I have been in four other districts.

Our crew is much better than west Memphis—far superior; basic education and work ethic is better.

I find that Western New York has a very highly educated work force, great people to deal with. I feel the work ethic here is excellent, on a blue collar and a professional level.

Our workforce has a greater work ethic in the Buffalo area, maybe because of all the colleges in the area. As a company, we started with five people and have grown to over 300.

WORKPLACE COMMUNICATIONS

Well, communication is the key, knowledge is power, they need to know what we need to obtain.

Sharing the information is appropriate, people gain something from it. It is not productivity, it is knowledge that they can use, and they feel better about what they are working for.

It has greatly improved productivity. We've gotten a lot better at it and it shows. People are a lot happier.

Productivity is much better because they can communicate, email is beneficial if not on the same shift. We let everyone know when sales are high and commend people for work. Everyone is informed. They are part of our success.

We have computer accessibility for all employees where they can pull up all the information about the company.

Our work force is our greatest asset, and we are dedicated to its flourishing. We listen to our people and communicate with them. It is the most important thing we do.

I just think there's more information. Well, I don't know, I just think people know what's expected of them while they're here.

We are better at what we do, stating our expectations. We're better as an administration, more of a team-like environment; this means everyone helps each other and also works together as a team. Also, bonus and profit sharing are tied up to it.

People know what is going on, they have a sense of responsibility. It helps productivity and performance because employees know ... and we are not hiding anything from them.

WORKFORCE TRAINING

We are lucky because we have a superior academic base, because the educational system in Western New York is so good.

We provide a GED program for the whole community.

UNION LEADERS TALK ABOUT. . .

LABOR-MANAGEMENT RELATIONS

We are successful as a labor organization. We are good for them—a healthy balance of power.

Basically we need each other. If the union doesn't work, the company doesn't make money, and if the company doesn't make money, we don't work. I think it really has always been that way.

We work together, have a common goal, we want this company successful: they make money, we make money, this is job security. I'd like to see myself retire here someday and my children retire here someday.

I think that is because union and management both want a community, we're both here.

The parties have agreed to form a strategic business committee that will address the necessary actions to be taken to put them in a more competitive situation. To address cost, efficiency, production. What is innovative is that this involved the union and the management together, that way no one can complain if they do it together—no action-reaction.

Mostly our relation [is] in pretty good standing because the management is promoted from within so they know the job and know how to handle different situations and can see both sides of it.

I would attribute a lot of it to the in-house committee. If problems do arise, we're able to sit down and work them out.

I see that there was no reason for them to develop a relationship that was good before. There was no need to be competitive. Now things have changed: there are competitors, so they want to change the relationship, because they need us. And when in conversion, feelings are hard to change, so it is still adversarial and low trust.

We describe them at an infant stage of development, in terms of trust and non-adversarial relations. The union must learn about the business, and how to make good business. Management must learn to take the union as a partner and understand the union.

A lot of negative history we are working to overcome and we have made great strides to overcome but we have a ways to go. The big problem is that the company is not willing to accept us as a partner; it's not that we don't accept them.

EMPLOYEE RELATIONS

We have a point system, and people that have ten bonus points, don't have to work overtime. This allows for goals to reach, to work for. If you don't miss any time in one month, you gain a point, etc.

They don't take much disciplinary actions, everyone knows their work, and that's that.

Good leadership, good stewards.

We're working together; the company's trying to help the people more. Workforce has long service, little [discipline is] necessary.

BUSINESS LEADERS TALK ABOUT. . .

LABOR-MANAGEMENT RELATIONS

It's pretty good. You don't want to say it's perfect. There's some degree of natural conflict just historically, but they're understanding of where we are and what we do, and they've been good about settling grievances logically, and therefore there's a fair amount of trust on both ends.

We do not view the unions negatively at all. They keep us on our toes and make us do the best we can. We engage the unions in helping their members in terms of seeking legislation, funding, and things like that.

We have a labor-management partnership. We include the union in a lot of our decision-making—keep them informed in advance. It hasn't always been this way.

We both know that we have jobs as union and management. We know as a company we want to deliver a product at a low cost and they want to get the best benefit for the employees.

We've moved into more informal negotiation using interest-based negotiation based on Cornell seminars.

We work hard to get agreement. Industry is changing; unions don't like change.

My belief is that a union can be good and bad, like good management and bad management.

EMPLOYEE RELATIONS

We restructured the company so the workers are more involved; we are not in the 1950s any more.

[We work for] better communication and a higher level of trust; trying to solve problems at the lowest level possible, so the union was more empowered in decision-making and seeking their input, and valuing your employees.

Cooperate better and listen better. I am not discipline oriented—it is my last line of defense.

Most of the core employees have been here for a while—they know the policy and procedure and they keep to it. People do their jobs and there is no need for discipline.

We came out with a policy book. They know our policies and they follow the. There's no reason for any disciplinary actions. We're very liberal, but at least they stay within the policies.

I guess everything comes back to treating people like human beings.

I think everybody understands what the rules are in the contract and they seem to be reasonable. The employees accept it and there don't seem to be a lot of problems.

We have long term and good relations with employees.

I think the expectations are real clear and the results of not fulfilling those expectations are also very clear.

Because you employ more people over the years and the bigger the pot of people, the number of problems will be bigger because there's always about the same rate.

UNION LEADERS TALK ABOUT. . . .

The company tries to understand or deals with the problem differently such as recognizing more personal factors rather than flying off the handle and giving disciplinary actions.

Most of the members want to work so they just go do their job.

Because I believe that they learned how to manage properly in terms of disciplinary actions.

They used to discipline without any forethought; they now discipline with just cause.

If you educate the guy when they first come, no problem.

Could be just new management, could be differences of ideas in management. Actually, what they're doing is disciplining for people making mistakes rather than discipline problems. This is unfortunate because no one learns that way. We should be working together to solve problems in the future rather than treating them as discipline problems.

We are working with more harmony.

JOINT ACTIVITIES

Habitat house—we have committees working on that. There are a lot of joint ventures between union and management, which is a good sign.

For instance, we just established a workplace violence committee and made a presentation to union officers and stewards. We have truck driving safety courses given by the stewards.

The job security effectiveness committee brings work into the plant, a tool to try to change practices to make them more efficient to bring in more work, to create jobs here.

Community service committee, minority committee, good and welfare committee

Committees for operation improvements, re-slotting the workforce, engineered work standards, all kinds of them on operation improvement

We have a sub-contracting committee where they review jobs that are going to be subcontracted. We have a hazmat committee.

United Way Day of Caring, food pantry. . . .we've done things with kids escaping drugs, corporate challenge up here in Buffalo that donates proceeds to charity. . . .March of Dimes, juvenile diabetes. . .hospice. . .Brush up Buffalo. . .we appear at places that are low income and we repair roofs and paint. . . .we have volunteer squads. . . .we're on the Workforce Investment Board. . . .we have a community cook-out for our neighborhood. . . .charity events and the blood drives. . . .we work on environmental concerns. . . .marine memorial, collections for soup kitchens. . .neighborhood committee. . .charity golf tournaments. . . .breast walk, cystic fibrosis, etc. . . .ethnic diversity projects. . . .we have gate collections for people who have problems. . . .a program to give things to the nursing home, the fire department and other things around town.

BUSINESS LEADERS TALK ABOUT. . . .

I think we try to communicate with employees early on with a problem and try to change behavior. We try to work with the employee with the problem. We work with them so we don't lose the employees. We are a small organization, which makes it easier.

There isn't much discipline. You go to the contract and you either win or you lose, so you don't discipline. I don't look at losing or winning at discipline. We just follow the contract and sometimes we're right when we question it and sometimes they're right.

Because we have a very good employee manual and we follow it and if we do discipline, we follow through.

JOINT ACTIVITIES

When the company was two years ago complaining about the electrical rates and water bill we were paying, we enlisted the aid of the union to help us reduce these costs so we could remain competitive.

Because we maintain a win-win attitude with everything we do. The two tenets we use to apply to everything are best practices and do no harm; and we apply that to everything including union relationships.

The atmosphere that exists between union and management [is one of] respect, working for the same goal and keep jobs in Buffalo. The union is professional and wants to keep jobs in Buffalo so there is a lot of respect.

We have good relations, by thinking of the company philosophy as important: being fair and paying them well and treating them with respect.

Unions are long standing; we have negotiated contracts over the years. Hopefully we have done well. New changes are slight, but not large scale: incremental, overall change by using old and trying new, we try to use win-win situation negotiations. The unions present their concerns and there are discussions by all sides to address these.

¹ Thomas Kochan, Harry Katz and Robert McKersie, *The Transformation of American Industrial Relations* (New York 1986, 1994).

² Ibid.

³ Sanford Jacoby, *Modern Manors: Welfare Capitalism Since the New Deal* (New Jersey, 1997).

⁴ Paula Voos, ed., *Contemporary Collective Bargaining in the Private Sector* (Wisconsin, 1994).

⁵ Harry Katz, "The Decentralization of Collective Bargaining: A Literature Review and Comparative Analysis," *Industrial and Labor Relations Review*, v. 47, no. 1; and Harry Katz and Owen Darbishire, *Converging Divergences: Worldwide Changes in Employment Systems* (Ithaca, New York, 2000).

⁶ Thomas Kochan and Paul Osterman, *The Mutual Gains Enterprise: Forging a Winning Partnership Among Labor, Management, and the Government* (Massachusetts, 1994).

⁷ Sandra E. Black and Lisa M. Lynch, "How to Compete: The Impact of Workplace Practices and Information Technology on Productivity" Working Paper 6120, *National Bureau of Economic Research, Inc.* (1997).