Cornell University
ILR School

Labor Research Review

Volume 1 | Number 14
Participating in Management: Union Organizing on a New Terrain

Article 4

1989

Dealing With Good Management

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Dealing With Good Management

Abstract
[Excerpt] Andy Banks' and Jack Metzgar's analysis of current cooperation programs is right on the mark. Their insistence on an organizing conception of unionism, union structures independent of management, and the use of worker knowledge as a critical union resource we can only echo. Under certain circumstances their proposals would help strengthen a union and avoid many of the traps that desperate unions in troubled companies often fall into. But we also suggest that applied in the wrong situations, their proposals put unions on the slippery slope to cooperationism.

Keywords
labor relations, unionism, cooperationism

This article is available in Labor Research Review: http://digitalcommons.ilr.cornell.edu/lrr/vol1/iss14/4

Response

Dealing With Good Management

■ *Mike Parker & Jane Slaughter*

Andy Banks' and Jack Metzgar's analysis of current cooperation programs is right on the mark. Their insistence on an organizing conception of unionism, union structures independent of management, and the use of worker knowledge as a critical union resource we can only echo. Under certain circumstances their proposals would help strengthen a union and avoid many of the traps that desperate unions in troubled companies often fall into. But we also suggest that applied in the wrong situations, their proposals put unions on the slippery slope to cooperationism.

The Main Problem Is Not Bad Management

All the examples in Banks' and Metzgar's essay assume "bad" management, that is, a management which through its own ineptitude is failing to deliver sufficient profits. Although bad management does destroy workers' jobs, the bigger threat to the labor movement today is from managers who are considered "good."

This is especially true if you look at the direction in which management is moving and at the more important sectors of the economy (as opposed to smaller companies). The management practices which in today's world threaten workers most are those which do maximize profits—by squeezing workers, closing plants,

outsourcing work, cutting back on medical insurance, reducing support for retirees, and making workers work harder. Most of the modern management techniques hailed as improving efficiency and productivity—in particular those identified with Japan—actually do so. But they do so at the expense of the worker.

Thus today's worker's problem is not how to convince her boss to give up the antiquated or inefficient ways which are hurting them both. Rather it is how to defend herself against management techniques which *are* effective—from the boss's point of view only.

For example, we have written extensively about the NUMMI and Mazda auto plants, both of which use a system we call "management-by-stress" and which have been widely studied and imitated by eager managers in other industries. These systems are efficient and extremely productive. They work in their own terms, and therefore give other companies a tremendous incentive to adopt them.

Just-in-time inventory systems are one example. A JIT program can mean big corporate savings: less capital tied up in work in process, lower costs of warehousing and material handling, reduced scrap, and faster delivery to customers. But the costs of JIT borne by workers are speedup, the loss of buffers and therefore the ability to vary the pace of work, enormous pressure on the job, and loss of jobs.

The other common assumption in the Banks/Metzgar examples is the assumption that there are usually "win-win" solutions to be found—measures which improve both conditions for the workers and management's bottom line. But it is misleading to think that a significant number of workplace situations can be resolved "win-win." Although management stupidity and personal corruption are commonplace, most onerous management practices are not adopted out of stupidity nor because they benefit someone's brother-in-law. Most practices are clear "win-lose" situations: worker transfer rights vs. management flexibility, seniority vs. favoritism, skilled work vs. transfer of skills to management, buffers vs. inventory control. Workers want seniority and transfer rights so that they can find the job best suited for them and move up to more desirable jobs as they get older. Companies want flexibility because "churning of the workforce" is a hassle for them and because the training involved sometimes requires more workers on the payroll. The parties can compromise, but they can't both win.

The overtime case is instructive. In Banks' and Metzgar's hypothetical example, the drivers at United Pest Control are upset over excessive overtime. They demonstrate that by reducing over-

time and hiring more workers the company can save money. Thus everybody wins. Workers get more time off and have more job security. The unemployed get jobs. Middle management looks good to upper management, the company makes more profits.

But in fact, in most union situations, it is cheaper to pay time-and-a-half for overtime than to hire additional workers, because it avoids paying additional benefits, vacations, sick leave, and pensions, as well as paying workers when there is nothing to do. Ford Motor's record profits of the last few years are largely due to plant closings and massive amounts of overtime.

So what if the union members at UPC discover, through their investigation, that their working overtime actually *increases* company profits? Do they want relief from overtime enough to make the company less profitable? And if the workers choose the less profitable policy (which will surely be opposed by management), are they willing to do what is necessary to fight and win?

It is even more dangerous wishful thinking for union members to believe that they share with management magic "win-win" solutions to the fundamental problems facing the labor movement. The first priority for the labor movement today is to end its confusion about goals and commit itself to this basic proposition: The job of unions is to defend and improve the conditions of workers even if it costs management more money, even if it reduces productivity, and even if in the short run it hurts "competitive position."

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That this last statement is today regarded as heresy in any discussion of economic policy only shows how far the labor movement and its goals and values have been driven from center stage. We are long past the beginning era of capitalism when workers were exploited to the hilt in order to reach a critical level of economic growth. 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.

Yes, there is waste and inefficiency in our society and we should go after it—put to work the unemployed and underemployed; get rid of the enormous drain of the arms race, the drug scene, the corporate buyout game, the Malcolm Forbes million-dollar parties. But unions should know that attacking inefficiency through "working smarter" usually turns out to cut jobs and force those who remain to work harder. If the labor movement only echoes the corporate line about "competitiveness," what good is it?

Whipsawing and Competition

The Banks/Metzgar essay focuses on the relationship of forces inside a single workplace. This ignores the fact that a key part of the corporate attack on many unions is through "whipsawing"—playing local unions against each other. Even as companies have grown in power and scope, they have succeeded in getting unions to try to deal with national and international economic problems on a local level. To the extent that unions enlist to fight "the competition," they end up struggling not against other employers, let alone their own, but against other workers in other plants.

You cannot break out of whipsawing and its debilitating effect on union solidarity and power as long as beating the competition is a key part of your union program. Where the company is trying to set up a whipsawing situation, for the union to propose "cost savings" as the first *union* goal of its participation program is to legitimize the "attitude adjustment" management so desires.

Unfortunately, all too many local and international unions have bought the companies' line that the only way to save jobs is to work with management to undercut the competition.

What about this argument? The answer—which until not that long ago was part of the ABC's of unionism—is that it is the job of unions to take working conditions and wages *out* of competition, by setting real standards and defending them. We take our livelihoods out of the competition game and force companies to compete in other areas—customer need, technology, style, and

service. Is there anyone who would suggest that asbestos should continue to be used in production even if it is cheaper? What if the consultants could show that child labor would make a company more competitive? Long ago the labor movement said no. But today it is fashionable to argue impassionedly that workers should use their working conditions as bargaining chips. At General Motors, for example, plant after plant has voted for speedup in the form of the "team concept," as UAW International Reps tell local shop committees this is their best hope against shutdown.

Today, in most industries and other work settings, the labor movement is a long way from being able to set and enforce new standards. But this is the direction we need to be arguing for and defending. To promote the "beat the competition" response only reinforces company propaganda and exacerbates the centrifugal tendencies which are tearing the labor movement apart.

We argue for a reversal of the current direction. More pattern bargaining, not less. Fewer concessions and adjustments to the needs of specific employers. A fight to establish national and international standards. If an employer cannot remain competitive while meeting the pattern, then that employer should be allowed to fail and other ways found to save the workers' jobs without lowering the standards of all.

The Participation Trap

One reason that participation is a tricky question is that in one important sense unions have always *demanded* participation in management—in establishing wages, vacations, health and safety procedures, work standards. In nonunion operations these are exclusively management decisions. Union participation in this sense was based on the understanding that participation was necessary *because* workers and management had different interests and goals. As unions grew stronger they expanded the areas of management in which they demanded participation: training, childcare, the right to do a quality job. Banks and Metzgar are quite right to insist on the distinction between demanding participation and what they call "cooperationism."

This sort of participation, however, is still union terrain ideologically. The ideas behind union fights for wages, training, etc. are consistent both with the needs of the workers involved and with workers' solidarity. Where the union crosses over into alien terrain is where it makes itself a partner in management's number one goal, increasing profitability.

This terrain can be very seductive. Especially with the right consultant and enlightened management attitudes, some initial areas will be "win-win," and the program can begin with a series of success stories. Something simple like improved lighting may improve both working conditions and profitability. A worker suggestion for a machine modification may result in the customer getting a much better product.

But as real-life experiences with participation programs show, the "win-win" situations are quickly exhausted, and union members are drawn into the "win-lose" game.

Does this danger mean that unions should never enter the world of management participation programs? These are difficult times for unions. Sometimes they are forced by superior management power to do things they don't want to do. Sometimes they need to buy time. Or sometimes they have to take certain routes just to prove to all the members that they have exhausted every possibility.

There are some companies where the union participating in the company's bottom line makes sense, whether in the form of worker ownership or in a Banks/Metzgar structure. Such cases may include family-owned firms where the family loses interest, firms wracked with internal management politics, and particular units of a conglomerate which have gotten lost in the shuffle. There are circumstances where a union finds it necessary to challenge management's running the place into the ground and offer worker ideas for achieving quality as part of a campaign to expose management's true policies.

The most likely case for participation is that a particular union leadership finds itself saddled with a program established unilaterally by the company or contractually agreed to by a previous administration.

But if unions do find themselves "participating" in managing the company's bottom line, they had better be clear they are not in the promised land but in very dangerous, uneven, alien terrain.

Where unions are forced to participate in such programs for whatever reasons, the Banks/Metzgar structure is an excellent approach. The union is not marginalized. The opportunity is there to think of union interests and outcomes independent of management. If there are cases where the union can find and stick to win-win solutions, the Banks/Metzgar proposals could help strengthen the union and avoid many of the traps that desperate unions in troubled companies fall into.

Skills and Worker Knowledge

The question of skill is too often overlooked in discussions of labor movement strategy. One of the strong points of the Banks/Metzgar essay is that it highlights the idea that worker skill is a powerful union weapon. If the essay succeeds in getting unions to think strategically about how to gain greater "knowledge power" and how to use this power, the authors will have made a substantial impact.

Building trades unions or skilled trades workers in manufacturing plants have power disproportionate to their numbers. Where critical skills not possessed by management are at stake, it is easier for unions to work to rule to punish an uncooperative management. It is harder for management to recruit scabs in the event of a strike. These strategic factors point to the importance of the labor movement organizing skilled workers and insisting that skilled work be done by bargaining unit members. Among other things this means going after computer programmers and maintenance jobs. In the vanguard plants such as NUMMI and the other Japanese auto "transplants," the trend is in the other direction—to permit management to contract out virtually all the highly skilled (and more interesting) work.

But as the air traffic controllers found out in the 1981 PATCO strike, skill is only one part of the power equation. The power of a given group of workers is the product of its size in numbers, the skills involved, the economic centrality of the industries involved, the degree of commitment of its members, its organization, its leadership, the solidarity of other unions and other forces, and the strategies chosen.

This is why, even in the Reagan era when the dog-eat-dog philosophy has become not only acceptable but laudable, we argue for a unionism which looks beyond the individual workplace. We argue for a strategy which empowers workers through their knowledge, their skill, their organization, and their solidarity.

We are well aware of the seductive nature of participation programs for frustrated or frightened workers; we have given many workshops on how to deal with them. We tell unionists who participate in such programs that they should draw up a Code of Conduct Becoming to a Union Member, and that rule number one is: "It's more important to use your brain to save jobs than to show management how smart you are." ■