Champions @ Work: Employment, Workplace Practices and Labor-Management Relations in Western New York: A Study

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Abstract
[Excerpt] This study examines private sector employment, workplace practices and labor-management relations in Western New York (WNY) from the mid-1980s to the present. It is a regional assessment, a benchmark designed to help the public and private sectors make informed decisions regarding enterprise and regional development. Cornell University School of Industrial and Labor Relations conducted the study as a part of its public service mission, with financial support from New York State.

Keywords
economic development, workplace practices, auto industry, UAW, GM, Trico, USWA, brass, steel, Moog, Honeywell, union, BCTGM, CWA, IUOE, SEIU, IBT, IBEW, GCIU, General Mills, Cisco, TOPS markets, work, labor, agreements, collective bargaining

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EMPLOYMENT, WORKPLACE PRACTICES AND LABOR-MANAGEMENT RELATIONS IN WESTERN NEW YORK

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EMPLOYMENT, WORKPLACE PRACTICES AND LABOR-MANAGEMENT RELATIONS IN WESTERN NEW YORK

A study conducted by the Western Region of Cornell University School of Industrial and Labor Relations in cooperation with the WNY AFL-CIO Economic Development Group and Buffalo Niagara Enterprise with the support of the Western New York State Legislative Delegation and the Assembly Speaker.

DEDICATED TO ALL THE PEOPLE WHO DO THE WORK IN OUR COMMUNITY, DAY IN AND DAY OUT.

By Lou Jean Fleron, Howard Stanger, and Eileen Patton


Survey research conducted by The Computer-Assisted Survey Team (CAST) of Cornell University.
4 INTRODUCTION
6 CHAPTER 1: NEW STRATEGIES IN ECONOMIC DEVELOPMENT
10 CHAPTER 2: STUDY OBJECTIVES AND METHODS

12 PRACTICES AND OUTCOMES
14 CHAPTER 3: INNOVATIVE WORKPLACE PRACTICES
30 CHAPTER 4: COLLECTIVE BARGAINING AND LABOR RELATIONS

40 CASE STUDIES IN PROGRESS

CHAPTER 5: TURNING THE AUTO INDUSTRY AROUND
42 American Axle & Manufacturing & UAW and IAM
45 GM Powertrain & UAW
48 Trico Products & UAW

CHAPTER 6: METALS ON A NEW FOUNDATION
52 Outokumpu American Brass & USWA
55 Empire Specialty Steel Inc. & USWA

CHAPTER 7: INNOVATIONS IN ELECTRONICS AND ADVANCED TECHNOLOGY
58 Moog, Inc.
62 Honeywell International Inc. & USWA

CHAPTER 8: COMMITTED TO A HEALTHY HEALTHCARE SYSTEM
64 Kaleida Health & CWA, IUOE and SEIU
66 Catholic Health System & CWA & IUOE

CHAPTER 9: AN APPETITE FOR CHALLENGES IN THE FOOD INDUSTRY
68 General Mills & BCTGM
70 SYSCO Food Services & IBT
72 TOPS Friendly Markets, Inc. & IBT

CHAPTER 10: MAKING FINE MUSIC AND BOOKS
74 The Buffalo Philharmonic Orchestra & AFM
77 Quebecor World Inc. & GCIU, IAM & IBEW

CHAPTER 11: BUILDING A BETTER WESTERN NEW YORK
80 Project Labor Agreements

84 TOWARD A REGION OF CHAMPIONS

86 CHAPTER 12: THE HIGH ROAD TO OPPORTUNITY
88 Directory
Study Objectives

The objectives of this study are to:

• provide valid, empirical information about the workforce, workplace practices and labor relations in Western New York’s private sector economy
• analyze regional trends in workplace change and labor relations over the last 15 years
• examine the impact of those changes on productivity, competitiveness and compensation
• benchmark the experiences of this region against national data
• explore in-depth selected case studies of companies and unions with notable records of success in their industry and in the regional economy
• establish a network of business and union leaders to sustain, enhance and expand the region’s best workplace practices to other areas of both the private and public sectors.

We addressed the first four of these objectives mainly by the survey of Western New York employers and unions, reported in Chapters 3 and 4. The latter two objectives are addressed by the case studies, reported in Chapters 5 to 11.

Employer and Union Survey

The project team designed the survey instrument to provide information comparable to other studies of workplace practices and labor relations. The Computer-Assisted Survey Team of Cornell University assisted in the development of the survey instruments as well as in the analysis of data.

Both the employer and the union surveys contain 59 specific questions, often with a range of specific multiple-choice answers. Those questions were divided into larger categories labeled Demographic and Workforce Characteristics, Human Resource and Workplace Practices, and Labor Relations. The instruments for unions and for employers have matching questions to permit comparisons. The surveys also have open-ended questions to allow respondents to comment or elaborate on their answers, providing rich detail behind the numbers of this study. All data along with the comments were available to the research team.

The geographic scope of the study is the eight western counties of New York. The survey sample for employers is based on Buffalo Niagara Enterprise’s database of all private sector employers in the region. Assuming a total of over 100,000 employers in the region, CAST determined that 369 completed surveys would be required to achieve answers that would be representative of all employers, with a 5% or less error rate. From the BNE list, CAST randomly generated batches of 200 companies that represented the total distribution of the original sample. Each batch of 200 was representative in terms of company size to the entire file. They mailed letters to the targeted individuals in those 200 companies. CAST requested that the respondent be that person most knowledgeable about the workforce, work methods, labor relations and human resource practices of the employer.

When the required target of 369 was reached, the CAST team stopped surveying, though the actual number of completed responses from employers was 377. These 377 completed surveys represent a 66% completed response
rate out of a total of 626 requests. The letters requested time to schedule a
telephone interview and the actual survey instrument was administered
by the professional staff of CAST during those telephone interviews.

Similarly, union representatives were interviewed using the union survey.
Because of the smaller total number, the union sample represented the total
universe of unions generated from the New York State Department of Labor
database, updated by CAST only as they found address and contact
corrections. That total is 202 unions, out of which 127 surveys were completed,
for a response rate of 62%. The response rates from both the employers and
the unions are very favorable compared with national surveys. The information
and analyses presented in this report are but the beginning of the examination
of this very rich base of information about the region.

Case Study Methods
The cases reported in Chapters 5 through 11 were selected by those
members of the research team who were working with the AFL-CIO Economic
Development Group and BNE on the Champions at Work network. They
identified individual leaders in both the companies and unions who were then
interviewed in person, following a structured interview format. The interview
teams usually had both a Cornell ILR Western Region faculty member as well as
a practitioner, although occasionally only one person conducted the sessions,
all of which were audio-recorded. Interviewers also encouraged the company
and union representatives to provide any additional information about their
case study that did not necessarily fit the format of the structured questions,
assuming that the most relevant information was gathered for each case.

Cornell ILR researchers and interns then transcribed all case study interviews,
compiling a huge written record. They also researched each
corporate structure, locations, and employees, and gathered information on
membership and affiliations for unions. An extensive report was then written
for each of the case studies.

We present here only the greatly-abbreviated highlights of each of those
studies. These case studies only begin to recognize the many innovative firms and unions in Western New York.
Origins and Background
This study examines private sector employment, workplace practices and labor-management relations in Western New York (WNY) from the mid-1980s to the present. It is a regional assessment, a benchmark designed to help the public and private sectors make informed decisions regarding enterprise and regional development. Cornell University School of Industrial and Labor Relations conducted the study as part of its public service mission, with financial support from New York State.

Over the last decade we have seen economic development strategies provide competitive identity to geographic regions. Many of today's most thriving regions are believed to foster innovative ideas and industries. Boston is the center of a “thinker” region and Miami a “trader” region, to use the terms of Rosabeth Moss Kanter. Areas like Spartanburg-Greenville, South Carolina have prospered by becoming widely recognized as a cutting-edge “maker” region, an image that would seem within the reach of a Greater Buffalo once known internationally as a major manufacturing center. However, as our area lagged behind the national economic boom of the 1990s, in the eyes of many, our image was not “world class.”

But is the image of WNY consistent with reality? If so, what are the essential features of that reality? Surely a clear understanding of the area’s shortcomings should serve as the foundation for regional improvement. And if a negative image is not in harmony with the facts, how might one more accurately portray the region? If individuals and organizations in WNY are to advance themselves and the region in this new century, they must act on the basis of a realistic understanding of the area’s labor relations and workplace practices. This study is aimed at providing the foundation for such understanding.

Citizens of WNY know their region has experienced wrenching changes as the global economy has become transformed in recent decades. But the record also shows that often individuals and organizations have responded to this challenge by aggressively working to meet or exceed the market requirements of their respective industries. Numerous economic reports suggest that these efforts have indeed made a difference. Foreign exports, for example, have grown considerably in recent years—more than doubling between 1993 and 1997. Moreover, significant business innovations have created new jobs at area facilities maintained by large enterprises including American Axle and Manufacturing, Honeywell (formerly AlliedSignal), and Quebecor World. Recent investment decisions by General Motors and Adelphi reflect strong confidence in the region’s workforce. Furthermore, business analysts studying the region have long observed that the region does not have a high level of work stoppages. They have also noted numerous examples of collaborative problem solving among labor and management. Indeed, in the view of one consulting firm writing in the mid-1980s, labor relations in the region provide “success stories” capable of serving as a model for others.

Last year, relocation consultants assessed WNY strengths and weaknesses for the newly formed regional-development group known as Buffalo Niagara Enterprise (BNE). The consultants reported that the region does indeed include many world-class facilities—such as the Tonawanda engine plant, which General
Motors has called one of its most productive. They also noted “a perception that the region has an unfavorable labor-management atmosphere, especially for company executives who are not accustomed to dealing with unionized workers.”

As these findings were being reported, AFL-CIO labor councils within WNY were establishing their own organization in an effort to participate more fully in economic and job development initiatives. The leaders of this new AFL-CIO Economic Development Group (EDG) considered the fact that the negative perception of area labor relations was far more widely known than the existence of a highly-capable workforce – a feature that the location advisors rank among the region’s greatest assets. The result was a decision to explore regional promotional initiatives. The EDG also considered the fact that a negative labor image was perpetuating itself while the underlying reality remained largely unexplored. Discussions about this second matter led EDG leaders to contact the Western Region of Cornell University’s School of Industrial and Labor Relations (Cornell ILR).

Assistance from the WNY delegation to the New York State Legislature and Assembly Speaker Sheldon Silver enabled Cornell ILR to secure a NY Department of Education grant to conduct the present study. In early 2000, the ILR Western Region established a research team who set to work on the project. Like this report, the research is based on two different views of workplace dynamics. The first is a big picture of workplace practices, collective bargaining and labor-management problem-solving in the region, compiled from a representative survey of the area’s private sector employers and unions. The survey explores the extent to which area employers utilize innovative (sometimes called “high-performance” or “flexible”) workplace practices. Also examined are the effects of such practices on enterprise productivity and performance. For unionized enterprises, the survey reports on collective bargaining and labor relations experiences, and indicates how both union leaders and employers assess their labor-management relationship.

The nationally-recognized Computer-Assisted Survey Team (CAST) at Cornell University conducted the employer and union surveys.

The second view is a close-up examination of employer-union and employer-employee relationships in 15 case studies. Case studies supplement survey findings in two main ways. First, they allow investigators to explore details of how labor-management relationships evolved over time. Thus, the interviews traced the initiation, design, implementation and evaluation of constructive employee-employer relations and innovative workplace practices. Second, industrial relations scholars have long recognized that human resource practices acquire their full significance as part of an entire set of organizational structures, strategies and practices. Case studies enable investigators to consider individual practices in their proper context. The cases are drawn from interviews conducted by members of the Cornell research team, a combination of faculty and practitioners. The team interviewed employer and enterprise representatives from more than 15 producers of both goods and services in WNY.

This report summarizes both the survey and the case study investigations of workplace practices in the region. It is called Champions at Work because the findings clearly indicate that in workplace practices, labor relations, and workforce quality, this is a world-class region. They provide evidence to support a high road economic development strategy based on innovation, quality, productivity and high-value in return for increased opportunity, high skills, good wages and working conditions. These investigations reveal a dynamic of cooperation and constructive balancing of interests at the workplace that lead to ongoing productivity improvements and enhanced opportunities for participation. They confirm the results of other recent studies that unions contribute to the success of high-performance workplaces.

They confirm the results of other recent studies that unions contribute to the success of high-performance workplaces.
Survey Highlights

Workforce Quality and Productivity
- 65% to 74% of employers and unions say they have a higher quality workforce compared with facilities outside Western New York, while a mere 1% of all respondents report lower quality.
- Workforce productivity compared with competitors in the same industry is reported higher here by 69% of unionized employers, 63% of non-union employers and 75% of unions, with only 5% of respondents reporting lower productivity.
- Stability characterizes the workforces, with unionized workforces exceeding non-union ones in seniority and experience.
- Absenteeism is reported as an insignificant problem by well over three-quarters of all respondents.
- Overall, average compensation is reported to be comparable to slightly above industry averages, while unit labor costs vary little from industry averages.

Flexible or High-Performance Workplace Practices
- Both employers and unions report more extensive use of workplace teams than found in national studies, with 72% of unionized employers and 63% of non-unionized employers utilizing teams.
- 69% of unionized employers and 53% of non-unionized employers utilize employee involvement systems or quality circles.
- 62% of employers and 46% of unions report having instituted job rotation or cross training.
- With the exception of job rotation, unionized workplaces make more extensive use of flexible practices than do non-union ones.
- Flexible workplace practices are positively correlated with employment stability to moderate growth in employment.
- Variable compensation systems are more likely found within organizations that have adopted flexible workplace practices.

Employee Communications
- Employers report utilizing a wide range of communication mechanisms to inform the workforce about the business.
- Unionized employers utilize employee communications practices more extensively than non-union employers do.

Workforce Development
- 80% of all employers have increased employer-financed training over the past decade, with unionized employers indicating a greater increase.
- Training is also positively correlated with the use of flexible workplace practices.

Labor-Management Relationships
- Overwhelmingly unionized employers and unions report their relationship as a positive one, with 56% of respondents characterizing it as harmonious, 22% as professional, and only 22% as adversarial.
- The connection between good labor relations climate and flexible workplace practices is statistically significant.
- 70% of union leaders and employers report that they successfully negotiated the last labor contract in the same or less time than the previous one.
- In information specifically requested for this study, Federal Mediation and Conciliation Service data reveal that in no year since 1985 has Western New York experienced a work stoppage rate that reaches the national averages. Since 1990, work stoppages in this region were well below half the national level and occurred in less than one percent of all contract negotiations.
- More than twice as many survey respondents indicate decreasing grievance activity as those reporting increases, with unionized employers reporting greater decreases than non-union employers.

Joint Labor-Management Programs
- The survey finds widespread joint labor-management programs in unionized workplaces.
- 63% of both unions and their employers report that these joint committees improved productivity, while less than 2% think they had a negative impact.
- Similarly, well over half of both employers and unions report that joint programs positively contribute to their improved competitiveness, again with less than 2% indicating a negative impact.
To the Reader
People living and working in Western New York see ingenuity, productivity, determination and cooperation in their workplaces on a daily basis. In many ways, we take our work ethic simply as a fact of life. Champions at Work tells that everyday story about how our regional economy runs. It is a story worth reading all the way through. The insights and accomplishments reported here should provide guidance as the region meets the continuing challenges of working in the 21st century.

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 choose 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 894 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). 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. For individual practices, Osterman found 54.5% of all establishments used teams, 33.5% employed job rotation, 40.8% had quality circles, and 31.5% 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. 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%. Specifically, for all establishments, 14.7% 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." 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 38.5%. 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. 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.” 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.

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**Company Industrial Classification**

<table>
<thead>
<tr>
<th>Company Industrial Classification</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Producing</td>
<td>35.3%</td>
</tr>
<tr>
<td>Finance, Insurance, or Real Estate</td>
<td>18.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>18.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>14.3%</td>
</tr>
<tr>
<td>Mining</td>
<td>12.2%</td>
</tr>
<tr>
<td>Utilities</td>
<td>3.7%</td>
</tr>
<tr>
<td>Transportation</td>
<td>2.3%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>2.3%</td>
</tr>
<tr>
<td>Other</td>
<td>0.8%</td>
</tr>
</tbody>
</table>

[Diagram showing company industrial classification with different categories and their percentages]
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 32% 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 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.

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 staffing 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.

<table>
<thead>
<tr>
<th>SKILL LEVEL</th>
<th>NON-UNIONIZED EMPLOYER Average %</th>
<th>UNIONIZED EMPLOYER Average %</th>
<th>UNION Average %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Skilled</td>
<td>21</td>
<td>21</td>
<td>14</td>
</tr>
<tr>
<td>Moderately Skilled</td>
<td>38</td>
<td>33</td>
<td>38</td>
</tr>
<tr>
<td>Highly Skilled</td>
<td>41</td>
<td>47</td>
<td>48</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>EDUCATION LEVEL</th>
<th>NON-UNIONIZED EMPLOYER Average %</th>
<th>UNIONIZED EMPLOYER Average %</th>
<th>UNION Average %</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School Degree</td>
<td>90</td>
<td>90</td>
<td>91</td>
</tr>
<tr>
<td>Two-Year Degree</td>
<td>28</td>
<td>26</td>
<td>27</td>
</tr>
<tr>
<td>Four-Year Degree or More</td>
<td>25</td>
<td>32</td>
<td>13</td>
</tr>
</tbody>
</table>

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.28
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.

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 9-5 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-unionized 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.
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.

**Innovative 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.

**Flexible Workplace Practices**

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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.

### Average Compensation Compared to Industry Average for Core Employees

|--------------------|-----------------|----------------------------------------|---------------------------------|----------------------------------------|----------------------------------------|----------------------------------------|

### Incidence of Flexible Workplace Practices

**Western New York Compared with National Results**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Teams</td>
<td>54.6%</td>
<td>44.2%</td>
<td>38.4%</td>
<td>66.3%</td>
<td>53.0%</td>
<td>53.0%</td>
</tr>
<tr>
<td>TQM or Quality System</td>
<td>33.5%</td>
<td>24.1%</td>
<td>57.2%</td>
<td>43.8%</td>
<td>53.0%</td>
<td>53.0%</td>
</tr>
<tr>
<td>Quality Circles or Employee Involvement</td>
<td>40.8%</td>
<td>4.8%</td>
<td>57.7%</td>
<td>56.4%</td>
<td>53.3%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Job Rotation or Cross Training</td>
<td>45.4%</td>
<td>12.6%</td>
<td>55.5%</td>
<td>62.1%</td>
<td>46.2%</td>
<td>46.2%</td>
</tr>
<tr>
<td>Peer Reviews</td>
<td>NA</td>
<td>11.1%</td>
<td>NA</td>
<td>24.7%</td>
<td>17.6%</td>
<td>17.6%</td>
</tr>
<tr>
<td>Employee Purchase of Technology</td>
<td>NA</td>
<td>16.0%</td>
<td>NA</td>
<td>47.2%</td>
<td>27.5%</td>
<td>27.5%</td>
</tr>
</tbody>
</table>
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 between 26% and 50% increased employment. A few employers 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.

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.

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 5% of all respondents report no practices, a comparatively low figure. On the other end of the spectrum, only 1% report six practices. For the employer survey, data show that for establishments with less than 50 employees, about 36% 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

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**Incidence of Flexible Workplace Practices Western New York Surveys by Union Status**

<table>
<thead>
<tr>
<th>FWP Practice</th>
<th>Employer/Non-Union</th>
<th>Employer/Union</th>
<th>Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teams</td>
<td>63.4%</td>
<td>72.3%</td>
<td>53.6%</td>
</tr>
<tr>
<td>TQM or Quality System</td>
<td>41.6%</td>
<td>47.2%</td>
<td>53.6%</td>
</tr>
<tr>
<td>Quality Circles or Employee Involvement</td>
<td>51.9%</td>
<td>64.9%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Job Rotation or Cross Training</td>
<td>69.7%</td>
<td>49.2%</td>
<td>46.2%</td>
</tr>
<tr>
<td>Peer Reviews</td>
<td>25.1%</td>
<td>24.2%</td>
<td>17.6%</td>
</tr>
<tr>
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<td>43.4%</td>
<td>54.9%</td>
<td>27.5%</td>
</tr>
</tbody>
</table>

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**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 (39%) than unions (22%), while 19% of employers use gain-sharing versus 15% for unions. Overall, a minority of establishments supports their FWPs 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 13 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 (65% 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 (8% v. 7%). Other areas in which a greater percentage of the non-union employers provide benefits include flexible schedules (27% 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 (82% v. 69%), employee involvement in creating the mission statement (56% v. 35%), commitment to employment security (43% v. 35%), providing establishment performance data (89% 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

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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. 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 workforce 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.

6. 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.
8. *All* of these rates are for practices involving 50% or more of the enterprise’s employees, making comparisons to the 1992 survey inexact.
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 impetus 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.” 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%).

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.

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
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." 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 those terms. Perhaps, more than a quarter of respondents (27%) said they work in a labor environment that is “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.

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. There 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.1

**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.

**Work Stoppages as a Percent of Contracts Negotiated**

**Private Sector, 1985-1999**

- United States
- Western New York

<table>
<thead>
<tr>
<th>Year</th>
<th>United States</th>
<th>Western New York</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985</td>
<td>5%</td>
<td>2.5%</td>
</tr>
<tr>
<td>1986</td>
<td>4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>1987</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>1988</td>
<td>2%</td>
<td>0.5%</td>
</tr>
<tr>
<td>1989</td>
<td>1.5%</td>
<td>0.25%</td>
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<tr>
<td>1990</td>
<td>1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>1991</td>
<td>0.75%</td>
<td>0.05%</td>
</tr>
<tr>
<td>1992</td>
<td>0.5%</td>
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</tr>
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<td>1993</td>
<td>0.25%</td>
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<td>1994</td>
<td>0.1%</td>
<td>0.005%</td>
</tr>
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<td>1995</td>
<td>0.05%</td>
<td>0.0025%</td>
</tr>
<tr>
<td>1996</td>
<td>0.025%</td>
<td>0.001%</td>
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<td>1997</td>
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<td>1998</td>
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<tr>
<td>1999</td>
<td>0.0025%</td>
<td>0.000125%</td>
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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.

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 32% 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."

Another similar and significant difference appeared with problem-solving committees (55% reported by unionized employers vs. 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.
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.

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. That communication isn't there unfortunately. In today's world, you have a more educated workforce than years ago. 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.

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 own 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's 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, 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. Not now. There have been changes; there are competitions, so they want to change the relationship, because they need us. And when in competition, 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 others to overcome. 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.

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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 did, 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—we 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 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 deal with the problem differently such as recognizing more paratized factors rather than flying off the handle and doing 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. The company tries to understand or deal 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-visiting 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 harvest committee.

United Way Day of Caring, food pantry . . . we’ve done things with kids escaping drugs, corporate challenge vans in Buffalo that distribute proceeds to charity. . . . March of Babies, juvenile diabetes. . . . Hospice . . . Brush up Buffalo. . . . we appear at places that are low income and we repair roofs and parks. . . . we have volunteer equals. . . . we’re on the Workforce Investment Board. . . . we have a community cook-out for our neighborhoods. . . . charity events and the blood drives . . . we work on environmental concerns. . . . marine memorial, collections for sick children. . . . neighborhood committees. . . . charity golf tournaments. . . . Earth Week, cynic fitness, etc. . . . athens 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. 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.

2 Ibid.
**PRODUCTS:** Designs, engineers, and manufactures driveline systems, chassis systems, and forged products

**EMPLOYEES WORLDWIDE:** 12,000

**FACILITIES WORLDWIDE:** 17

**LOCATIONS:** U.S., Brazil, Mexico, Japan, England, Germany, Scotland

**LOCAL FACILITIES:**
- Tonawanda Forge Plant
- Buffalo Gear and Axle Plant

**LOCAL EMPLOYEES:**
- Tonawanda Forge Plant: 850
- Buffalo Gear and Axle Plant: 2000

**LOCAL PRODUCTS:** Net-shaped differential gears, axle shafts, wheel spindles, rod caps, ring gears, and steering linkages

**UAW LOCALS:** 424 & 846

**AMERICAN AXLE & MANUFACTURING & UAW AND IAM**

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**Key Players:**
- Kevin Donovan, UAW Region 9
- Charles Humphrey, IAM
- William Stachura, AAM
- Geraldine C. Occhocinska, Director, UAW Region 9
- Tom O’Donnell, UAW Region 9
- Michael Strawy, AAM

The Buffalo Gear and Axle plant opened originally in the 1920s as a General Motors-owned Chevrolet assembly plant and Fisher Body plant. Over the next 30 years, the plant produced Chevrolet automobiles, aviation engines during World War II, and tanks during the Korean War. After the Korean War, the plant produced rear-wheel drive axles and steering linkages.

After the UAW began the Flint sit-down strikes in the winter of 1936-37, UAW activists launched an organizing drive at the Buffalo plant. After months of failing to gain recognition from local management, UAW Local 424 conducted a sit-down strike of its own in June 1937. On the fourth day of the strike, local management agreed to negotiate with Local 424. This strike set the tone for an adversarial union-management relationship that lasted until the 1980s.

The Tonawanda Forge was built in 1953 and was originally owned by General Motors. In the early years of the plant, interaction between the unions and management was minimal. Abnegation did not want the unions involved in the day-to-day operations of the business, or the decision-making process.

**Key Challenges**

In the 1970s, industry downturns began to threaten job security and the very survival of these plants. The entire automotive industry, and manufacturing in general, suffered following the oil crisis of 1973. Oil prices quadrupled, resulting in years of recession, inflation and unemployment for the industrial economies of the West. U.S. gasoline prices skyrocketed, sending automobile sales spiraling downward. Other domestic producers also saw their market shares fall as consumers switched to the economical, fuel-efficient imported automobiles while GM’s market share hovered around 45% throughout the decade.

In the oil crisis of 1979-1980, GM decided to move from the less fuel-efficient rear-wheel drive powertrains to the more fuel-efficient front-wheel drive systems. As GM made the transition in the early- and mid-1980s, it faced serious over-capacity in rear-wheel drive components and axles. Further, GM began to lose market share to its import competitors. Threatened with closure, local union leadership and management at both the Axle plant and the Forge recognized that survival meant a new relationship between the parties had to be built. The unions had to be brought into the business and the
In addition to the inevitable sale or shutdown, the Tonawanda Forge had other problems. Due to the gradual downsizing that had already occurred, there were some staffing difficulties. When supervisors retired, GM would not allow the plant to replace them. As a result, hourly employees had to take on supervisory duties, calculate overtime, and handle payroll. The flow of capital investment into the plant had stopped. The facility was falling apart.

In September 1993, General Motors announced the sale of five of its plants to American Axle and Manufacturing Inc., including both the Tonawanda Forge and the axle plant in Buffalo. When the new company took over ownership of the Tonawanda Forge, the plant became a completely different operation. There was an immediate infusion of capital investment, bringing in new equipment and modernizing and cleaning up the facilities. New employees brought with them new skills, techniques, and technologies.

Key Changes
The unions and management began to change their roles in dealing with each other. Working together to improve conditions at the plant was a joint endeavor through the 1980s. Union members had to learn to work with a lot of new information that they had never had access to before. Salary and hourly workforces together took week-long courses that examined different aspects of the auto industry including globalization, new products and markets, new technologies, work structures, corporate organization and planning, the history and trends of collective bargaining, and related public economic policies. The program, called PEL, or Paid Educational Leave, was developed by the UAW-GM Human Resource Center, Cornell University’s Buffalo-based Institute for Industry Studies, the University of Michigan, and Wayne State University. General Motors has participated in a four-week national PEL program, and in the mid-1980s a local PEL was designed to provide workers with a broad understanding of trends within the global auto industry, and give them the ability to apply this knowledge to solving workplace and competitive problems. Seventy-five percent of Local 424’s membership went through the PEL program, along with supervisors and managers. It was the beginning of a turnaround, because it made all employees realize that they had an uphill battle to fight.

Management and union members began sharing information about putting together customer bids, ordering and bidding on steel, profit margins, and cost centers. This helped all parties to become more proactive in the business and more able to make improvements in their business. A sense of trust had finally developed between management and the unions when, in 1992, it was announced that the Tonawanda Forge would either be closed or sold as a result of restructuring within GM.

“We had to fight together if we were going to save our economic lives.”
Kevin Donovan

“It goes beyond teamwork, it’s a partnership.”
-Bill Steckuira
American Axle improved the environment at the plant and provided the job security that workers were looking for. New training programs on safety and quality were instituted to accommodate the large number of new employees. The company increased its communications efforts and expanded training through an educational facility and skills center. Unions and management worked together to ensure that the new associates knew how to perform their jobs safely, to avoid serious accidents and injuries. Beyond safety training, employees attend programs to develop job skills and learn strategies for personal enhancement and job improvement. These training programs provide for a safer, more enriching job experience, and satisfied, more productive employees. To further serve the needs of the workforce, the company now provides childcare program referral services and a health center on-site, and the employees have responded positively through increased work effort.

**Outcomes**

Since 1994 there has been an increased commitment to workforce development, and currently the plant budgets 40 hours of skill development per year for each employee. Measurable improvements at the Tonawanda Forge are significant. The Forge is operating at about 90-95% production capacity and the quality levels have been recognized. The plant became ISO certified in 1996-97 and QS certified in 1997-98. There are only 85 defective parts per million, and this number is falling toward the world-class goal of below 25. For Saturn trunions and Mercedes SUV gears, there are zero defects per million parts.

American Axle has surpassed GM in profit sharing, with employees receiving benefits of $1,400-1,500 per year, while GM employees receive $500-600 per year. The UAW-AAM contract negotiated in 1997 set the standard for parts suppliers newly independent of the Big Three automakers, thus preserving the standard of living for thousands of workers in the region.

“We firmly expect there will be more opportunities for jobs, more opportunities for growth.”

-Kevin Donovan

The Tonawanda Forge is expected to see continued growth, benefiting from a greater awareness of cost and quality factors that are important when entering into an increasingly global marketplace.

In 1999, American Axle began operations at the new Cheektowaga Machining Plant. The 115,000 square foot facility has the potential to employ 120 hourly and salaried associates, including engineers, supervisors, and skilled trades. The site started running its equipment in March 2000, and produces up to 25,000 gears a day— a number expected to soon double.
Key Players: Arvin Jones, Former Plant Manager
Jeff Paycheck, Shop Chairman, UAW Local 774

GM Powertrain has its origins in the introduction of the first automatic transmissions developed in the 1940s and 50s. The Powertrain Division of General Motors was created by a series of consolidations spanning from 1983 to 1992. The final merger of the Hydramatic and GM Engine Divisions was necessitated by rapid developments in electronic controls that required closer integration between engine and transmission development.
**Key Challenges**

As with all auto industry plants in the region, global competition, environmental concerns and demanding consumers posed huge challenges for the Tonawanda Engine Plant through the 1970s and 80s. Management and union leaders struggled to keep the plant competitive, surviving when other GM engine plants were shut down. Prior to 1994, however, there was an overall lack of communication between management and the workers on the floor. While there were minor communication problems between the union and management at the Tonawanda Engine Plant in the 1990s, the relationship never reached the point where it adversely affected business operations. In fact, it was a major work stoppage at GM plants in Flint, Michigan that caused massive layoffs at Powertrain’s Tonawanda plant and at other GM plants across the country. In 1998, approximately 9,200 workers at GM’s metal stamping plant and Delphi East components factory in Flint went on strike over new cost-reducing methods and the possible movement of jobs to Mexico. The strike resulted in nearly 100,000 layoffs across North America, with close to 8,000 of these layoffs in Western New York. By the time the July 1998 settlement was reached in Flint, 3,377 workers at the Tonawanda Powertrain plant had been laid off, along with 3,267 at Delphi Harrison and over 1,500 at American Axle, two other GM-related companies in Western New York. Workers were recalled after the strike ended, and work resumed at the plant.

**Key Changes**

In 1994, new plant management started to pursue a more open, involved relationship with the workforce. Labor relations at the plant began to receive national recognition in 1996 when the Work in America Institute presented GM Powertrain and Local 774 with its Leadership Award, in recognition of “their commitment to labor-management cooperation, increased productivity and the continuous improvement of both products and manufacturing techniques.” Union officials now participate in areas that traditionally have been solely management’s responsibility, including human resources, career development and staff planning. Other highlights of the partnership are 80 to 120 hours of paid training per year for each employee, participation of union leaders in the hiring of hourly personnel and a joint GM/UAW committee on all outsourcing.

In August 1996, the open, collaborative relationship, along with improved efficiency and product quality, earned the Tonawanda Engine Plant a job from General Motors to produce the company’s L850 “world engine.” The 2.2-liter four-cylinder dual overhead cam engine would be used in the new midsize, innovative sedan from Saturn and in other GM vehicles in the future. To make room for the new product line, an unused foundry was torn down and replaced by a 125,000 square foot addition to the plant.

*Arvin brought with him a trust from another generation of managers that are up there today, that he was going to come down and do a job and get the job done, and with that trust from those managers has come new business...*  
—JEFF PAYCHECK
Then on August 2, 2000 came the announcement everyone was waiting for: General Motors had decided the 711,000 square foot plant would be built in Tonawanda. Construction on the project is scheduled to begin in early 2001 and should be completed in late 2002 or early 2003. In negotiations with the company, local and state officials credited the plant’s workforce for the high productivity at the site. Constructive labor-management relations were cited as a competitive advantage for this location. Investment in the facility could total close to $750 million, and workers at the plant are not the only ones who will be affected. In addition to the construction jobs created by the project, the expansion will also have a positive impact on local businesses, and has the potential to launch spin-off developments by suppliers.

The benefits of GM’s decision to grow in Western New York are immeasurable. The expansion is a major step toward the economic rebirth of the region – a step made possible by a workforce, a union and a management team dedicated to the spirit of cooperation.

"I had to establish credibility with the union, and the only way I could do it was to meet with them when we could openly talk."

-Aaron Jones

In 1998 the workers at the Tonawanda Engine Plant voted for more flexible work rules and approved a team-manufacturing proposal, authorizing Local 774’s bargaining committee to negotiate new contract language with the company. Recently, the Tonawanda Engine Plant has begun to move toward a system of lean manufacturing in response to the production of the U550. The new, more efficient manufacturing methods will be used not only on the U550, but also on other new products that the plant receives. One of the main concerns for GM Powertrain has always been health and safety, and training has become the primary method of dealing with these issues. Today, Powertrain believes in the philosophy that if employees are trained, they will understand why things are done the way they are. This philosophy has shown promise, as the health and safety record for the plant is now exceptional.

OUTCOMES

Members of Local 774 approved a new four-year contract on December 21, 1999. The new contract is a “living agreement,” which can be modified by the union’s shop committee. It gives the union and the company more flexibility to adjust work rules between contracts. Labor and management are trying a more preventive process to avoid unnecessary grievances and help both sides come to consensus quicker. The new contract was considered the first step in securing a deal with GM for a multimillion-dollar expansion of the engine plant. With the ever-present fear of low production leading to layoffs, the installation of a new multimillion-dollar engine line would be the safeguard for 3,800 jobs.

In April 2000, GM applied for $22.5 million in tax breaks for the proposed expansion. The incentive package was a key component of the $550 million plant expansion, which would involve the production of a new engine. Older engines like the 4.3-liter V6 would be phased out to make room for the new motor, a six-cylinder in-line engine that more easily meets regulatory standards. Plans called for the company to start producing the new engine in 2002 for installation in 2003 model-year vehicles. Management and labor had to work together to convince the parent corporation that they were ready to handle the task. Along with the tax incentive package offered to GM, the workforce of the engine plant was another key factor that the company considered. On May 10, 2000, the Erie County Industrial Development Agency unanimously approved the $22.5 million incentive package, and another $13.35 million in incentives was offered by the state.
Trico was founded in Buffalo by J.R. Oishei, who invented the windshield wiper in 1917 after he hit a bicyclist with his car one rainy night. Now a subsidiary of Tomkins PLC, Trico has been headquartered in Rochester Hills, Michigan since 1998. Trico’s brand new, state-of-the-art Buffalo facility opened in October 1999. On average, workers at the plant produce 1.5 million windshield wiper system components per week. Up until the mid-1980s, Trico was one of the largest industrial employers in the city, as well as being one of the city’s largest employers. Workers are represented by UAW Local 2100. Before the UAW organized the Trico plants, workers were represented by an independent Trico workers’ union. The UAW started its organizing campaign in 1976, and ended up winning the May 1977 election by seven votes. Not ready to give up without a fight, the company and the independent union filed charges with the NLRB which tied up the certification for 18 months in one of the longest hearings in NLRB, history for this region. UAW Local 2100 was certified by the board on September 28, 1978.

Key Challenges

The majority of the market share for windshield wiper systems belonged to Trico until global competition began to pressure the company in the 1970s and 80s. Suddenly, Trico had competition in price, quality and delivery as it had never experienced before. An increasing number of threats to the company’s bottom line put enormous pressure on the Buffalo plants to compete and survive, or go out of business.

On November 8, 1985, Trico announced that it would be closing two of its three Buffalo plants and moving the greatest part of its production to two Maquiladora plants on the Texas-Mexico border. The move would initially eliminate 1,173 of Trico’s 2,500 Buffalo jobs. Plant 2 on Main Street and Plant 3 on Elk Street would be closed, leaving only the Washington Street facility. At the time, UAW Local 2100 represented about 2,000 Trico workers, who were shocked by the November 8 announcement. The union mounted a community-based effort to keep the jobs in Western New York, commissioned a study of the economic impact of the proposed job loss, and hired industrial efficiency experts who proposed methods for improving the competitive position of Trico’s plants in Buffalo.

“We as workers as Trico and even as union officials didn’t really have any knowledge of maquiladora until that announcement was made in 1985.”

—Herb Fulsom

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“We when you go through a major downsizing and work leaves the area, trust is violated and people are hurt...quite frankly, the integrity of what’s said isn’t there anymore.”

—Ken Kumiega
systems market. Also improved were many of the production problems that had plagued the company in earlier years. Trico plants had reduced scrap and improved their record for meeting production schedules, which resulted in savings in shipping costs. The plants in Buffalo, Brownsville and Matamoros started making money, earning $3 million in the first half of 1994. Stant Corporation, an automotive parts manufacturer based in Richmond, Indiana, announced its acquisition of Trico on November 8, 1994 (ironically, the ninth anniversary of the 1985 plant closure announcement). The $160 million acquisition was completed in December 1994. Three years later, in 1997, Stant was purchased for $606 million by Tomkins PLC, a British conglomerate that produces a wide variety of items including bicycles, garden hoses, and lawn mowers.

There were only a few hundred jobs left at the sole surviving plant on Washington Street. Plans to move production to a new plant and keep the remaining jobs in Buffalo were contingent on a new agreement between Trico management and UAW Local 2100.

In mid-August 1998, Trico and the UAW reached an agreement designed to retain jobs and transfer operations to a new location in Buffalo. The plan created the potential for growth in Trico’s Buffalo operations, with possibilities of expanding into new products. The new plant, once used as a Molson distribution center, was much smaller than the old 650,000-square-foot plant on Washington Street. The 150,000-square-foot facility would be renovated and redesigned to include state-of-the-art production equipment and manufacturing processes to make the plant more competitive, and possibly add new jobs.

"When we were designing the plant, of course, everyone was involved. The thing I wanted to promote was: if this is your department, then every person should be involved in the layout of the department. Talk about what works, what doesn’t work, what didn’t work in the old layout, what are we going to change in this layout? Every person had to be involved in that."

-Ken Riumasa

Local 2100 also organized a cost study team with Cornell University’s Programs for Employment and Workplace Systems to explore viable alternatives to the maquiladora. None of this altered the decisions already made unilaterally by corporate officials. The locations chosen for Trico operations were Brownsville, Texas, and Matamoros, Mexico. It was a tough blow for all who worked at one of Buffalo’s homegrown companies.

Job cuts continued into the early 1990s, caused by falling sales in the automotive industry. In 1990, sales of North American-built cars and light trucks fell to their lowest level since 1983. The largest portion of Trico’s revenue comes from the sale of wiper systems for new vehicles and, consequently, the company was eliminating jobs, as did automotive manufacturers across the nation. Between 1995 and 1993, Trico eliminated 1,059 hourly and 500 salaried positions.

**Key Changes**

Between 1988 and 1991 the remaining Buffalo operations were used almost exclusively to retool the maquiladora plants. Between 1992 and 1993, the company began to remove certain core departments that were required to stay in Buffalo in accordance with a 1987 agreement with the union. Local 2100 went to the international for help but, during that time, unbeatable to the union, the company was put up for sale. Things began to turn around for Trico during 1994, when talk of sale started circulating as firms began to take an interest in the company. Recently won contracts to supply wiper systems for a number of new cars to be introduced by the Big Three U.S. automakers made the company a desirable acquisition target. At the time, Trico had an 80% share of the wiper

"People need to be talking to people, regardless of what their role is here, around issues that are important to help this plant become competitive."

-Ken Riumasa
Outcomes
It was the beginning of a new relationship between the union and Trico management as they worked together to design the new plant. Workers and management decided to use a flow-through manufacturing process in the facility—a process that saves time, payroll costs, equipment, and work space. There were a number of contractual changes involved in making the move to the new facility successful, with an overall focus on the use of labor-management committees and employee involvement. Broader job classifications were needed to provide more flexibility. There is a strong focus on training and workforce development at the plant. Training is even more important due to new flexible work rules and the broader job classifications that allow employees to perform a wider variety of tasks to develop the necessary technical skills. Meetings between labor and management committees are frequent, and have greatly improved communications at Trico.

The new Trico plant, chosen partly for its capability to be expanded, can be nearly doubled in size. There are plans to expand as soon as possible, bringing new jobs and production to the City of Buffalo. Meanwhile, the 200 employees in the new plant participate in the creation of improved production methods and expanded market opportunities.

“I think Trico Buffalo is a survivor over the maquiladora, over the NAFTA project, and I think even over the free trade with China. I think what American employers need to do is look at their workforce and the skills that they have, and challenge them, and also invest in new technology to be successful in business.

The feeling of the normal worker out on the floor is, ‘if you eliminate my job, who’s going to buy your automobiles, your toasters, your TVs, your VCRs?’

We have a good workforce—and always have—in Buffalo. Our people are very experienced, very knowledgeable; they could be advanced further by effective training programs and education to meet the challenges we all have to meet in the future.

As far as the labor management relations, they haven’t been destroyed, they need to be mended, and both sides need to start looking at the other side’s viewpoint and truly working jointly with the people in middle and lower management, with the workforce who are our membership and come up with solutions to the problems that our people and their managers face every day. It can’t lead to anything but success if we do that.”

—Herb Fulsom
American Brass Company was established in 1899 in Waterbury, Connecticut, and in 1917 entered Western New York with the purchase of Buffalo Copper and Brass, referred to then as “one of the largest and best-equipped brass and copper mills in the country.” The company soon became a subsidiary of Anaconda Copper, later to be instrumental in the war effort in the 1940s. Anaconda became a subsidiary of the Atlantic Richfield Company in 1977. A group of Western New York investors bought this and five other metals plants from ARCO in 1985 and the company became known, once again, as the American Brass Company, headquartered in Buffalo. Finally, in 1990, American Brass was sold to the current owner, Outokumpu Oy of Finland, as part of the Outokumpu Copper Division, and became Outokumpu American Brass (OAB), just last year changing its official name again, this time to Outokumpu Copper, Buffalo Manufacturing Unit.

Outokumpu began mining copper in Finland as early as 1910 and has a strong history of cooperation with labor. Expanding internationally in the 1970s, Outokumpu is now a world leader in the production and fabrication of metals. World copper consumption grew by about 3% in 1999, and the U.S. consumes record levels of copper and copper alloys—one of the highest levels in the world at 24 pounds per capita, 24% of the world’s refined copper output. These are ideal conditions for Outokumpu’s operations in the United States. Five business lines run through the Outokumpu Copper Buffalo Manufacturing Unit. They include: Regional Products—Americas, Telecommunications, Connectors, Appliance Heat Exchangers, and Automotive Heat Exchangers. Of the five business lines, 46% of the products made in Buffalo are part of the Regional Products business line, the next largest portion of 32% falling under the Appliance Heat Exchanger line.

**Key Players:** Warren Bartel, President, OAB  
Joe Goodell, former President, OAB  
Tony Strusa, Employee Involvement Facilitator  
Jack Williams, President, USWA Local 593

**Outokumpu American Brass & USWA**

**Products:** Stainless steel, copper products, base metals, technology

**Employees Worldwide:** 5,026 (copper products group only)

**Facilities Worldwide:** 46 (copper only)

**Locations:** U.S., Finland, Sweden, Denmark, Spain, Netherlands, China, Malaysia, Austria, U.K., Mexico, Thailand, Italy

**Local Facilities:** Outokumpu Copper Buffalo Manufacturing Unit (OAB)

**Local Employees:** 900

**Local Products:** Copper products, telecommunications, connectors, appliance heat exchangers, automotive heat exchangers

**USWA Local 593**

**Unite D Steel Workers of America**

**Founded in 1942 in Cleveland, OH. The USWA is affiliated with the AFL-CIO, the Canadian Labour Congress, the International Metalworkers Foundation, and the International Confederation of Free Trade Unions, with 125 million members in 145 countries worldwide.**

- **Local Affiliates:** 2,820  
- **Membership:** 667,000 - U.S.  
  185,000 - Canada  
- **Local:** Organized in 1933 with Federated Industrial Union; in 1943 FIU defeated by International Union of Mine, Mill & Smelter Workers, Local 593; and in 1967 merges with the USWA to become USWA Local 593

- **Members:** 645 (485 production and 160 skilled trade workers)

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“Our success started with the sale of the plant in 1985 when we got the first managers who agreed with us that we had a workforce with the skills and knowledge to make this a great establishment.”

—Jack Williams

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“We believe that our success is due to the hard work and dedication of our employees, who have played a crucial role in our company’s growth and success.”

—Jack Williams, President, USWA Local 593
compensation plan called Quality Pounds equals Quality Living, QPQL for short. Based on production levels, QPQL rewards employees with an annual financial bonus for number of pounds of metal produced.

In 1990, it was announced that the plant was going to be sold to the Finnish company, Outokumpu Oy. Labor-management relations were able to continue unharmed, as local management was retained, and Outokumpu was interested in maintaining the level of cooperation that existed at the plant. OAB has shown a commitment to workforce development by continuing the training of employees through a new training center. Local 593 is a presence in the Western New York community and donates thousands of dollars to charities including The Buffalo News Neediest Fund, the Cancer Society, the Burn Treatment Center, the United Way, the Variety Club Telethon and food pantries, among many others.

OUTCOMES
The improvements made at the Buffalo facility have been significant and measurable. The cooperative effort of OAB and Local 593 was able to reduce cycle times to facilitate the shortest lead times in the domestic market. The plant’s business grew by 55% in terms of total production pounds from 1987 to 1999. Between 1990 and 1999, customer complaints have gone down 26%, customer returns are down 48%, and internal rejects have decreased by 33%. Productivity has increased by 38%, and on-time delivery has increased 7%.

The Buffalo location was unconditionally ISO certified by the Steel Related Industries in a record nine months, an accomplishment that usually takes at least 18 months. The success of the Buffalo operations was enough to convince Outokumpu to close its Kenosha, Wisconsin operations and transfer that connector business and its jobs to Buffalo in 1999. Managers in Finland named the Buffalo facility the best management team in the approximately 130 companies owned by Outokumpu Group.

“This changed the way they were treating people in the plant. When they changed that, people changed.”
—Tony Strusa
Labor relations have experienced an incredible turnaround since the days of ARCO. The plant has gone from experiencing strikes every three years for 21 years to successful early contract negotiations for every contract since 1985. Reflecting a longer-range perspective, the current contract is a five-year contract. OAB wages lead the industry, and QPQL has paid out close to 7% of employees’ earnings over recent years. Grievances are down by 86%. In 1997 the plant was awarded the AFL-CIO Award of Excellence for the best labor-management relationship in the country.

In 1998 Work in American Institute awarded OAB and USWA Local 593, along with Cornell University’s Institute for Industry Studies, the Award for Excellence in Partnership and Learning for their innovative education programs regularly conducted with the entire workforce to keep them knowledgeable about developments in their industry.

Maintaining all of the aspects of a high performance workplace is one of OAB’s keys to present and future success. The market for OAB’s products will continue to evolve. As it becomes increasingly competitive and global, the company plans to add new product lines and higher value products for increased profitability, as well as increased capacity to continue to grow the business. In terms of the labor management relationship, the union will continue its role as a strategic partner in the business.

“Outokumpu American Brass has formed a unique three-way partnership with the United Steelworkers of America and Cornell University. ‘Working together’ we have created real additional value for the company’s shareholders, the company’s people and the company’s customers. This company is a neat place to be.”

-Warren Bartel

“The United Steelworkers are as formidable an ally as they are an adversary.”

-Warren Bartel, Accepting the AFL-CIO Award for Labor-Management Excellence
products:
- Steel products

locations:
- U.S.

local facilities:
- Dunkirk, NY

local employees:
- Approximately 300 active employees

local products:
- Stainless steel bars, wire, and rod products

USWA LOCAL 2693
UNITED STEEL WORKERS OF AMERICA

The USWA was founded in 1942 in Cleveland, OH
LOCAL AFFILIATES: 2,820
MEMBERSHIP:
- 750,000 - U.S.
- 185,000 - Canada
LOCAL 2693
ORGANIZED: 1945
MEMBERS: 250

Key Players:
- Jack Alonge, General Manager, Operations
- James Bickhart, USWA District 4 Staff Rep.
- Maurice Thibeault, CEO
- Louis Thomas, USWA District 4 Director

Empire Specialty Steel has its origins in the 1929 merger of Atlas Crucible Steel Co. of Dunkirk and the Ludlum Steel and Spring Company in Watervliet (near Albany). In 1938, the company merged again, with Allegheny Steel Company of Brackenridge, PA to form Allegheny Ludlum Steel Corporation. Al Tech Specialty Steel was formed in 1976 when an Allegheny Ludlum management group purchased the company’s Bar Products Division. The company was sold to Chicago-based GATX in 1996 and then to Rio Algom Ltd.
of Toronto in 1986. Sammi Steel of Seoul, South Korea acquired ALTech in 1989. ALTech was renamed Empire after a stunning move by USWA Local 2693 to gain a 44% share of the company in a deal that ended a one-and-a-half-year bankruptcy reorganization.

It should come as no surprise that a local steel company was foreign-owned for some time. Foreign direct investment in the U.S. steel industry has been significant over the past 20 years, and has brought a new surge of capital, management expertise and advanced technologies to the struggling domestic operations. Partly responsible for the increase in foreign investment was the introduction of the “just-in-time” inventory system by Japanese automakers. JIT put an emphasis on fast and reliable delivery of steel necessary for auto production, and the high cost and low efficiency of shipping steel to the U.S. became impractical. To avoid losing sales to American-owned steel plants, foreign steelmakers established operations in the U.S. Particularly interesting is the large number of Asian investors—mainly Korean and Japanese—in the U.S. steel industry. Between 1975 and 1994, there were 36 Asian investments in steel operations in the U.S., all from Japan and South Korea, with the exception of one from China. In 1997 ALTech encountered problems when its South Korean parent, Sammi Steel, fell victim to the economic crisis that spread throughout Asia.

**Key Challenges**

The Asian economic crisis began in July 1997 with a devaluation of the Thai currency, the baht, by Thailand’s central bank in an effort to attract new investments into the country and restore confidence in the currency. The effect, however, was another story. In August 1997, Thailand sought and received financial assistance from the IMF (International Monetary Fund) and other Asian countries anxious to prevent the currency instability from spreading throughout the region, but it was too late. Other Southeast Asian currencies—along with the stock markets of Japan and Hong Kong—plummeted. The currencies of Malaysia, Indonesia and South Korea lost close to 40% of their value by the end of 1997. At this time, the typical Asian business had debts valued at between three and six times the total amount of cash invested in their companies. The near destruction of the South Korean economy gave many businesses no choice but to file for bankruptcy protection.

Sammi Steel was one of those businesses, seeking bankruptcy protection in mid-March 1997. The company had accumulated $2.1 billion in debt. A notice was sent to all ALTech employees, and the USWA immediately consulted financial and legal experts about the situation and what it might mean for local workers. Union officials, including district director Louis Thomas, were optimistic about the future of the Dunkirk plant because of the quality of its workforce and the plant’s distinction as being one of the few steel companies in the U.S. to achieve ISO quality certification. Because of its bankruptcy, Sammi had ceased all capital investment in ALTech, whose own debts began to accumulate. Nine months later, on December 31, 1997, ALTech filed for Chapter 11 bankruptcy reorganization, with plans to “maintain business as usual” while working out the bankruptcy with creditors. The company had liabilities totaling $250.84 million, with assets of only $50.36 million.

**Key Changes**

The contract of Local 2693 expired on September 30, 1998, but the union agreed to extend its contract while ALTech searched for a buyer and waited for approval of its reorganization plan. Just as the company looked for a potential buyer, so did the union. Both parties held talks with interested bidders. As the company’s largest creditor (ALTech owed the union $86.6 million in benefits), the USWA chaired the bankruptcy creditors committee, and had a significant amount of authority in choosing a new owner. In November 1998, the union endorsed the bid of Ontario’s Atlas Steel Inc. to become a majority owner of ALTech.

"Employee ownership creates a potential for people to acquire new behaviors – managers and workers alike.”

-Maurice Thibeault

"Our management style is so participative – we’ve created a culture...an open environment; people are willing to participate and share.”

- Jack Alonge

"I think the only reason that we’re here today is...our excellent labor-management relationship.”

-James Bickhart

"Employee ownership creates a potential for people to acquire new behaviors – managers and workers alike.”

-Maurice Thibeault
Atlas, a major supplier of the Dunkirk plant, was also one of the company’s largest creditors, and was owed $42 million in unpaid bills. As part of the Atlas deal, there was a plan to give ALTech employees a certain percentage of ownership.

More details of the reorganization plan were released in July 1999. The plan would save the company’s 300 remaining jobs in Dunkirk with the possibility of bringing the employment back up to 500. Workers would receive 44% ownership in the company in return for cuts in compensation. Another 44% would go to Atlas in return for cash and debt forgiveness. Other creditors would claim the remaining 12% if the plan and the new five-year labor agreement were approved. Time was running out for the company, which was losing nearly $1 million each month.

Creditors approved the plan on July 30, 1999, ending the one-and-a-half-year bankruptcy. Less than one month later on August 24, USWA Local 2693 approved a new five-year contract that included average wage cuts of 20% in return for 44% of the company. Other details of the contract included the elimination of 23 union jobs through a $10,000 retirement incentive bonus, and the reduction of job classifications from one to four. Profit sharing and wage increases in the future would be tied to company performance. The contract also preserved and enhanced the company pension plan. Atlas would not agree to the plan unless these changes were made to the collective bargaining agreement. Salaried employees also agreed to wage and job cuts.

In November 1999, the arrangement was finalized and the company was given a new name, Empire Specialty Steel Inc. A seven-member board of directors was formed to run the company, with two members chosen by the union and two chosen by Atlas. Salaried employees and the unsecured creditors each appointed one member. Maurice Thibeault, who had been acting as the consulting executive officer, was named CEO of Empire, and the seventh and final board member.

Empire is a much more open company than ALTech was, in the sense that any information that the managers have is also available to employees. They meet together frequently to discuss business and make comments, observations, and suggestions. Supervision on the floor has been removed, and there are now coordinators who are more involved with technical issues, sales, marketing, and throughput. Offices, which were once far removed from the manufacturing space, have been moved to office space in the factory, increasing access to all staff members for the workers.

Outcomes

Employee involvement is at an all-time high, and safety has improved immensely. Productivity has improved, even with no investment in the equipment; the workforce has cut about two man hours per ton out of the cost structure.

Together, Local 2693 and the Empire management team are building a new company that is just beginning to grow. If the company grows at the rate anticipated, six to seven jobs will be added each month and, after laid-off workers are recalled, new employees will be hired. The company broke even several months after emerging from bankruptcy, and everyone at the company is looking forward to a profitable future.

“Atlas literally saved and ensured the growth of Empire Specialty Steel with the announcement of an agreement involving Atlas Steel of Mississauga, Ontario.”

-Maurice Thibeault

“Outcomes

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“We have full participation by the union and the employees at every level of the company.”

-Maurice Thibeault
Moog was founded in 1951 by engineer and inventor William C. Moog. He developed an idea for an improved electrohydraulic servovalve, a flight control device for aircraft and some of America’s earliest missiles and rockets. When he could not find a manufacturer that would produce his invention, he started his own company. Manufacture of the servovalve, a high-precision engineered product, began in Bill Moog’s basement. The company became successful almost immediately, and by the mid-1950s it had expanded to the point where specialization among jobs occurred. There have been just two CEOs in the company’s history: founder Bill Moog, and current visionary chairman Robert Brady. Moog’s corporate headquarters are the largest of its domestic operating divisions and are located in East Aurora, New York.

A personnel department was added at Moog by the mid-1950s, as well. Early on, Bill Moog considered the employee relations function to be an important aspect of the business. He wanted his to be a different kind of company in terms of how employees were treated, and he wanted to ensure there were people paying attention to that on a full-time basis.

**Key Challenges**

Up until the early 1990s, a significant portion of Moog’s sales came from defense-related contracts. The company had just recovered from a series of financial losses totaling nearly $14 million that occurred in 1988 as a result of defense program delays and fixed-price contract cost overruns that led to a major restructuring program. On the verge of financial recovery in 1990, the company was suddenly in crisis again, facing a potential loss of $15 million in future contract orders due to cuts in defense spending. Despite the war in the Persian Gulf, the company was not receiving new orders for military hardware or weapons because of the vast defense buildup of the 1980s. The Persian Gulf war was fought mainly with weapons previously stockpiled. Moog executives were forced to look for ways to move into domestic and international markets for commercial aircraft, space research, and other non-defense related business. Several breakthroughs were made into the commercial airline business in 1990 and 1991, but job cuts in reaction to the proposed cuts in defense spending began to occur in early 1992 when Moog announced that it would be eliminating 489 jobs. To help employees deal with the sudden job loss, the company set up an outplacement program that included a job search center and various workshops geared toward helping workers find new jobs.

**Key Changes**

By 1995, Moog’s business had changed dramatically. For the first time in the company’s history, government defense projects accounted for less than half of annual sales. Revenues from space and missile product lines, which had
While there is no formalized team building or TQM program at Moog, employee involvement and continuous improvement have always been important. Over the last 10 years, continuous improvement initiatives have taken on a more structured look, and training is now provided in a number of process-improvement skill areas. Employees have been organized more formally into process action teams where, according to Keebler, “they look at the processes that affect their work and make specific recommendations for change that enhances productivity.” As for involvement, Keebler has said that, “employees have always had a way to make their ideas known.”

One of the key changes being made is that the company is working hard to move toward the concepts of the lean enterprise. There are a number of specific training activities related to this new direction, and both internal and external training resources are used. Almost all of the production employees have been through some type of training program related to lean manufacturing. Various production areas are being reorganized to leverage the use of process teams and cellular manufacturing.

Moog provides employment security for production employees based on seniority within job families—not unlike a union contract. To provide for employee advancement, there has always been an open job posting system that invites employees to apply for any job for which they think they are qualified. Moog also has an education assistance program that pays 100% of the tuition for courses outside of work.

Moog offers a progressive pay and benefits package that includes profit sharing, a defined benefit pension plan and a Savings and Stock Ownership Plan (SSOP), which includes an Employee Stock Ownership Plan (ESOP). The company also provides post-retirement health care benefits to certain retirees.

“Our policies are structured in a way that acknowledges that people are individuals.”
—Jack Keebler

“Innovations in electronics and advanced technology have been declining rapidly for about four years, now accounted for only 13 percent of Moog’s total sales. In August 1997, Moog began planning its first addition to the East Aurora headquarters since the early 1980s. The huge manufacturing and office campus already had 720,000 square feet of office and factory space, and the $6 million expansion project would add 94,500 square feet and about 103 jobs in production, engineering, and technical areas. Amidst the forever-changing landscape of Moog’s industry and market conditions, the one thing that has remained constant is the company’s commitment to its highly skilled and educated workforce. The company has always focused on maintaining an environment that promotes individual responsibility, workforce development, trust, and minimal supervisory direction that creates an atmosphere of freedom and self-motivation for the employees. While Moog specializes in creating precise control devices, the company does not have a strict system of rules to control its employees. Time clocks are non-existent at Moog facilities. Jack Keebler, Moog’s Corporate HR Director, describes this detail as just one of the conditions that help create an above-average working environment. In fact, the trusting environment has been so successful for the company that the turnover rate is miniscule.

“Because of the kind of environment we have, there are not many employers around who can attract people away from Moog.”
—Jack Keebler
If employees are not meeting the expectations of their job, the company uses a due process system based on building improvement rather than punishing past failures. Moog’s due process is a three-step counseling and documentation procedure in which employees meet to talk about the job expectations, why they are not being met, and what can be done to make improvements. If the person fails to improve after all three progressively more serious sessions, he or she can be removed from the position. For employee problems or complaints, there is an employee assistance program, a confidential phone line, and an employee grievance procedure that gives people the ability to have their concern heard all the way to the top of the company, if necessary.

Outcomes
Recently, Moog started to grow again, and it expects to continue to grow and expand its market position in the years ahead. In early 1999, the company acquired Hydrolux Sarl and Microset srl overseas, and the Montek division of Raytheon Aircraft in Utah. Also in 1999, the company signed three multi-year contracts with Boeing for the delivery of all commercial airplane products through 2008. The acquisition of Montek placed a new emphasis on the business opportunities available in regional aircraft and business jets, and overall aircraft revenues increased by 97% in 1999. Because of the increased business, there is an expansion plan to add to one of the Aircraft Group facilities at the East Aurora headquarters. Moog even made an entry into the entertainment market and supplied 22 mobile motion simulators for MCA-Universal’s Spiderman attraction at the Islands of Adventure theme park. The company’s market position has been strengthened not only by the acquisitions and new product lines, but also by consolidation in aerospace and industrial sectors.

With all this, Moog remains one of Western New York’s most exciting and innovative companies.

“Our roots here are very deep. We have a great deal of investment here, not just in the plant and the equipment, but in the people...We are certainly committed to Western New York.”
-Jack Keebler

"Outcomes"

Recently, Moog started to grow again, and it expects to continue to grow and expand its market position in the years ahead. In early 1999, the company acquired Hydrolux Sarl and Microset srl overseas, and the Montek division of Raytheon Aircraft in Utah. Also in 1999, the company signed three multi-year contracts with Boeing for the delivery of all commercial airplane products through 2008. The acquisition of Montek placed a new emphasis on the business opportunities available in regional aircraft and business jets, and overall aircraft revenues increased by 97% in 1999. Because of the increased business, there is an expansion plan to add to one of the Aircraft Group facilities at the East Aurora headquarters. Moog even made an entry into the entertainment market and supplied 22 mobile motion simulators for MCA-Universal's Spiderman attraction at the Islands of Adventure theme park. The company's market position has been strengthened not only by the acquisitions and new product lines, but also by consolidation in aerospace and industrial sectors.

With all this, Moog remains one of Western New York's most exciting and innovative companies.
**Key Players:**

- Cynthia Banks, Human Resource Manager
- Bill Pienta, USWA District 4

**Honeywell’s Performance Polymers and Chemicals Division** is a significant contributor to the success of the company. This $3.3 billion business is a world leader in the production of products as well as pharmaceutical development. As a research industry with advanced technology involved, new techniques are always being discovered that can be applied to product development. This makes Buffalo Research Labs a very dynamic operation, where employees are in a constant state of development and learning.

**Key Challenges**

A complicated chain of events led up to the re-evaluation of labor-management relations at what eventually became AlliedSignal Inc., and then Honeywell International. Fueled by business uncertainty and poor communications, the work climate was one of extreme distrust between the union and management, the workers and the union, and an overall distrust of the company itself. Given the hostile atmosphere, it was clear that operations could not continue if some steps were not taken toward cooperation between labor and management.

**Key Changes**

The decision was made to bargain two contracts and, because of the severity of the mistrust, an Interest-Based Bargaining (IBB) process was used. After several bargaining sessions, the first collective bargaining agreement was negotiated and ratified by nearly 90% of the membership. The second contract resulted in a groundbreaking four-year agreement. Historically, the union and AlliedSignal had passed only three-year agreements, but the development of a better relationship made it possible for both sides to realize that they could succeed, that they each had their own advantages, and that bargaining in this manner was a way to resolve more issues.

The second collective bargaining agreement created some innovative new practices. Previously, whenever a shift would end, the next shift would take over without really knowing what occurred during the prior shift. To correct this problem, the language of the contract was modified to allow for continuity of operations. This new flexibility had a big part in improving operations at the Buffalo Research Lab. The contract also provides for more flexibility of

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**Products:**

- Pharmaceutical, agricultural polymers/plastics, lubricants, personal care, security, coding, safety, semiconductors, paints and coatings, paper and packaging, air conditioning and refrigeration, medical, textile, rubber and electronics (Performance Polymers and Chemicals)

**Employees Worldwide:**

- Over 100,000

**Facilities Worldwide:**

- 56 (Performance Polymers and Chemicals only)

**Locations:**

- 41 in the U.S. (Performance Polymers and Chemicals only)

**Local Facilities:**

- Buffalo Research Labs

**Local Employees:**

- 360

**Local Products:**

- Specialty chemicals, fluorine products, pharmaceutical development

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"This is a prime example of the workforce in Western New York. These are typical people from Lackawanna, Derby, Buffalo and Cheektowaga that are making this work."  

- Bill Pienta
As a result of these actions, Performance Polymers and Chemicals has saved more than $1.5 billion since 1992, and has achieved a 1.8 Sigma increase in quality. Productivity has increased by more than 6%, and the company now has shorter development times and a higher degree of customer satisfaction. Benefits of these improvements are shared, for instance, in the improvement of pensions in the most recent contract. Honeywell offers both a defined benefit and a defined contribution plan, including options that address the needs of both the older and the younger employees by allowing them to make changes to their benefit plans, without having to make an irreversible decision that would leave them at a lower pension level.

Looking to the future, Performance Polymers and Chemicals and the Steelworkers still have some changes in mind that would further improve things at the Buffalo Research Lab, such as the establishment of a structured performance-based compensation plan that rewards productivity and the contributions of employees. In terms of actual products, pharmaceuticals will continue to grow as a major focus of research and development at the Buffalo Lab. The site is also expected to see continued job growth, which is one difficulty due to the nature of the skills that the company’s employees must possess. There are plans to develop relationships with the University of Buffalo and other area schools to help meet the company’s growing needs for a highly-skilled workforce.

"Developing a relationship and being able to say, 'You can succeed, you're not giving in, nobody's getting an advantage,' that's an advantage to both sides."
- Bill Pienta

"There's a reason that the union is in place, and I respect, understand and appreciate the rights of collective bargaining. The end goal is...the profitability and success of the organization."
- Cynthia Banks
Key Players:
Debora Hayes, Staff Representative, CWA
Tom Fentner, Senior VP of HR
John Friedlander, President and CEO

Key Challenges
All across the country there have been tremendous cost pressures on the healthcare industry; cuts in public funding coincided with managed care’s demand for low-cost service delivery. Trends toward providing hospital inpatient care only for the extremely ill and utilizing outpatient care whenever possible have resulted in excess hospital capacity. Cost pressures hit Western New York especially hard when New York State stopped regulating reimbursement rates for acute care facilities. Around 1997, officials of Buffalo General Hospital, Millard Fillmore Suburban Hospital, Millard Fillmore Gates Circle Hospital, Children’s Hospital of Buffalo and DeGraff Memorial Hospital began discussions on the possibilities of a full balance sheet merger. It was apparent from the very beginning that one of the biggest challenges would be the combination of the human resources systems. Between all the hospitals, nothing was similar: wages, policies, benefits, union sympathies, and the unions themselves were all different.

Key Changes
What followed was an intensive two-year process of learning and exploration. The CWA contacted its national research department to investigate scenarios and outcomes of similar merger situations and they conducted surveys to determine members’ needs. Their primary concern led them to ask several questions. Would there be successor language? Would they have to negotiate a new contract or would Kaleida honor the existing agreements with Buffalo General, DeGraff, Millard and Children’s?

The original steering committee consisted of two board of trustee representatives from each institution. Their first task was to select a CEO for this new conglomerate. After John Friedlander of Buffalo General was chosen, it was time to select his senior management team. To maintain objectivity and create a diversified administrative team, an extensive selection process was undertaken by a selection committee comprised of board members, community members and internal senior executives.

Outcomes
Kaleida recognized its responsibility to bargain the effects that the merger would have on its employees. Kaleida and the unions negotiated over a six-month period and reached agreement on a number of significant issues including:

- Blended Seniority: In the event of a consolidation, all employees (union and non-union) would be blended by their original hire date.
- Card-Check: The unions had to agree among themselves which union would represent employees at a specific site and then obtain signatures from 60% of the bargaining unit. The employer would remain neutral. Nurses United, CWA Local 1168, has gained 2,000 new members since 1998, almost doubling its membership. Nurses United gained four bargaining units and SEIU gained two units through the card-check process.

- Common Expiration Dates/Joint Bargaining: All 12 of the bargaining units covered by the Effects Bargaining master agreement were set to expire on the same date. There was also an agreement that, at expiration, there would be a joint bargaining process, whereby all three unions representing 7,200 employees and the employer would negotiate a successor agreement.

As of late August 2000, the unions made over 50 proposals to Kaleida for the master agreement, and they reached 45 tentative agreements. The agreement has an interesting bargaining mediation and arbitration clause. The main objective of this clause is the no-strike clause, to ensure that patients would never go without care. In case of impasse, union and management each choose a representative, and those two representatives agree on a third-party interest arbitrator. Each representative makes his last offer so that the parties are compelled to negotiate and resolve the dispute before the issue ever goes to arbitration.

Management and union leaders accomplished this extraordinarily complex merger without major problems, and they continue to adapt and learn from one another. The cooperation, and creativity equip them well to meet the continuing challenges in the healthcare industry nationwide. Kaleida has shown itself to be a strong leader in the success of the region's medical corridor, the focus of Western New York's healthcare development strategy.
Catholic Health System

Key Players: Barbara Bauch, President, CWA Local 1133
Martin G. Oscadal, VP of Human Resources Systems

Key Challenges
Changes in the healthcare industry made it necessary for hospitals nationwide to form networks in order to operate more efficiently with new developments in the field of managed care. As healthcare has become more market driven, hospitals must be more cost efficient and offer a better range of services in order to survive. In case after case, healthcare providers have combined their activities with other similar institutions. Because the Buffalo area has so many Catholic hospitals, consolidation seemed a natural solution here. Each of the five hospitals retains its separate operations with separate boards. Since the System was formed in 1998, the hospitals are able to negotiate as a single body with insurance companies and large employers that pay for healthcare services through a separate parent organization.

Employees at Mercy Hospital of Buffalo began organizing in 1989. The RN bargaining unit was certified in the spring of 1991, with the Service, Technical and Clerical bargaining unit following in 1992. At this point, when labor and management had their hands full, managed care pressures further complicated matters.

Key Changes
As a first step toward building a more cooperative atmosphere at the hospital, management and the union at Mercy in 1994 agreed to hold a three-day seminar on mutual gains negotiations, or interest-based bargaining. Meanwhile, in June 1997, Western New York’s Catholic hospitals reached conceptual final agreement on consolidations. Hospital officials estimated that the merger would save a minimum of about $500 million over five years. Mercy had been losing money since 1997. Grievances had decreased between 1994 and 1997 but they were still in the hundreds. This was a vast improvement from the nearly 700 grievances faced a few years earlier. Mercy began to hold

“You treat people fairly, you treat them honestly, and you are open with them, and things will evolve.”
—Martin Oscadal
Outcomes

Negotiations for the Bridging Agreement went well, and the cooperation of the employees helped a great deal in making the transition to consolidation relatively smooth. The grievance level dropped significantly to between 50 and 100 grievances, with only two or three arbitrations. Labor and management within the Catholic Health System will continue to develop their working relationship and to build their future. Among employees, as well as with management and union leaders, there is a feeling that the issues are now more openly discussed and a recognition exists that honest communications are essential to a problem-solving attitude.
Snack Ventures Europe, was formed as a joint venture with PepsiCo in 1997, and is the largest snack foods company in Europe. General Mills exports more than 650 different products to more than 100 different markets around the world.

General Mills reveals its presence in Western New York by the faint smell of toasted oats in the air. The company’s plants are located among several massive grain elevators along the Buffalo River. Cereal plant workers, in rotating shifts 24 hours a day, produce 30% of the world’s Cheerios. Many varieties of wheat are transported by ship and by train to the flour mill where they are cleaned and ground to produce white flour, using a process that goes back to the beginnings of the 20th Century.

**Key Challenges**

Up until 1985, wage rates in the cereal and flour operations were comparable, and the two existed as a single plant. The plant was, and still is, a high performance workplace. Productivity and cost measures determine whether the flour or cereal operations get the volume of production, and the competition is fierce. More profits are made from cereal, which uses less wheat to produce than flour. Because of cereal’s higher profit margin, a disparity in wages was created, with cereal workers earning much more than flour workers. This caused problems among the two groups, who bargained a single contract, but made significantly different wages. The flour mill could no longer compete with the rising wages of cereal workers, so in 1987 the two plants split. After the split, while cereal wages continued to rise, flour wages remained stagnant for nearly ten years. The wage difference, along with attempts by flour mill workers to transfer to the higher paying cereal plant, resulted in what amounted to hard feelings toward the company.

**Key Changes**

Despite the problems that continued for many years between the two plants, many changes have increased the level of cooperation between labor and management at General Mills in Buffalo. Workplace education and training have become a focus at both plants. The company has a five-year apprenticeship program in conjunction with Erie Community College, which enables participants to receive mechanical or electrical training and earn their journeyman papers along with a college degree. Several different teams and
“What we’re trying to do is keep good jobs and people working in the great grain milling and cereal production tradition here in Buffalo during an age of fast changes in technology and markets.”

-George Koller

committees have helped to solidify a cooperative environment. There is a task force committee, an emergency response team, and a safety committee. Another important development is a corporate-wide labor-management task force that aims to increase the autonomy of the local unions and improve the labor-management relationship.

Looking for new methods of successful bargaining, management began to explore Interest Based Bargaining (IBB). This type of bargaining emphasizes exploring the interests and options of both parties rather than taking and defending a position. The process is successful when an agreement is reached by consensus, through open communication and exchange of ideas and information. The decision was made to use IBB at the cereal plant. The flour mill still has not reached the level of cooperation that exists at the cereal plant, but work is being done to change that. Along with plans to use the IBB process, the flour mill holds quarterly meetings for all employees, and communications are much improved due to an increased emphasis on the exchange of information.

OUTCOMES

There has been a significant decline in arbitration cases since the cereal plant started using Interest Based Bargaining, a decrease that can be attributed to the good working relationship between the union and management. For the first time since the 1985 plant separation, the cereal and flour operations will soon be working closer together. The company now realizes that shipping supplies in two different trucks to the same location is inefficient, and has decided to re-combine some of the elements of the two operations.

Workers’ compensation now includes bonus systems and stock option plans. Several years ago, the union negotiated a bonus as part of the 401(k) plan that provided a combination 2% bonus plus a 1.5% raise for four years. Workers also have the opportunity to participate in an innovative stock option program, with three offerings to date of $0, $75 and, most recently, 100 shares per option. Before the end of the option date, employees can either purchase the shares at a below-market price or, if they prefer, they can receive a check in the amount that the shares have gained during the option period.

“To make change you’ve got to get in there and do it.”

-George Koller
SYSCO was formed in 1969 with the combination of eight different food distributors. In its first year of operations, SYSCO (an acronym for Systems and Services Company) had sales of $15 million, a number that has grown to over $35 billion. In addition to the food products that account for the majority of SYSCO sales, the company also distributes a wide variety of other items, including beverage equipment, paper, cleaning supplies, table top and cooking supplies, and some appliances. SYSCO also offers more than 2,000 medical products and a range of healthcare services.

SYSCO entered Western New York with the purchase of the Food Service Division of Scrivner’s S.M. Flickinger Company in 1991, along with Flickinger food service operations in Syracuse, Elmira and York, Pennsylvania. SYSCO Jamestown operates out of a 300,000 square foot distribution center. The distribution area for this facility is primarily Western New York and Northwestern Pennsylvania.

**Key Challenges**

Although the two companies were similar in their product offerings, their business operations were very different. SYSCO agreed to negotiate in good faith with the union, and rehired most of the former Flickinger workers. The company continued to operate with the same wages and benefits that were in place prior to the change of ownership, but former Flickinger employees were required to reapply for their jobs. There was a significant workforce reduction – only about two-thirds of the original employees were rehired. Those who reapplied had to go through a screening process using criteria such as attendance, productivity, accidents, and work record.

This made for difficult discussions, and the first bargaining session with Teamsters Local 649 did not go smoothly. There was a lot of animosity – not only between the company and the union, but also between the union and the workers. The union represented the company for asking for concessions, and some workers resented the union for not forcing the company to recognize seniority in the screening and rehiring process. Despite difficult negotiations, an agreement was reached between the two parties.

**Key Changes**

After the buy-out SYSCO Jamestown had relatively good labor relations. Other locations were suffering from disputes over contract issues and high turnover rates. But the real problem for SYSCO Jamestown, it seemed, was the reluctance by the union to use engineering work standards. While beneficial in some industries, the standards are difficult to install for the food service company, whose standards would have to change on a day-to-day basis to stay in line with order sizes which, of course, varied widely from order to order. SYSCO established a minimum standard and used it to determine pay. Workers who did not perform in compliance with the minimum standard were subject to discipline. Jamestown workers were asked to
participate in SYSCO’s work standards program, and while they recognized the need to increase productivity, they were reluctant to use the standards that had led to such problems at other locations. The SYSCO management team began to look for different alternatives to the system that would be more acceptable to hourly workers. Their solution was called a yearly performance incentive. A base was established by averaging daily and weekly productivity numbers over the previous four years. Pay rates are now determined using this base, with the addition of an hourly increase reflective of a worker’s productivity. Productivity numbers are provided to the workforce on a weekly basis so that they can keep track of their performance. The first contract expired in 1995, and the next contract would be a four-year one that provided a significant wage increase in the first year and created a number of incentives designed to improve morale, increase productivity and improve safety.

Outcomes
While operating under the contract, steady improvements in market share led to an increase in hiring. Several teams and committees composed of management and union members were formed around issues such as safety. When the third contract was bargained, an incentive was created that tied pay increases to productivity increases. Under this pay-for-performance system, if certain annual productivity numbers are met, employees receive an increased hourly wage. SYSCO offers stock purchasing for employees at a discounted rate through payroll deduction. A 401(k) plan has a matching factor based on company performance, with the company matching 50% of the employee’s contribution. As a distributor, SYSCO Jamestown has implemented a number of technological devices to make the operation more efficient. The company has fully-automated purchasing and order-processing systems. Computers are used in many other areas of operation, including driving. With each round of negotiations, the relationship gets better, and this allows SYSCO management and Teamsters Local 264 to modify the contract language in the best interests of all those involved.

“Keep an open mind, think win-win, and don’t be afraid to occasionally go out of the box and try something different.”
-Vernon Wetmore

“It’s a partnership - they’ve got to grow and we’ve got to understand what it will take for them to grow.”
-Ron Lucas
In 1991, TOPS was purchased by Royal Ahold of the Netherlands, one of the largest international food retailers in the world, employing about 280,000 people in 17 countries, and serving over 25 million customers each week. By 1993, it became clear that the TOPS warehousing facilities were inadequate and nonproductive. Today thousands of products are procured and distributed to Ahold USA companies through a new 867,000 square foot warehousing and distribution center located in Lancaster, New York. This is the story of how that national distribution center came to be built in Western New York.

**Key Challenges**

After being acquired by Ahold in 1991, TOPS was financially stable for the first time in years. Building stores to increase its customer base, TOPS needed a new warehouse to support the growth of the company within the region. It also badly needed a new distribution infrastructure. Ahold began considering several sites around Western New York and the eastern U.S., one of which was in the Town of Lancaster, New York. Early in the summer of 1993, the unions began contract negotiations for a new labor agreement to follow the existing one that would expire in October of that year. Obviously both sides wanted to avoid a strike but, as the deadline approached, workers from both Local 264 and Local 568 of the Teamsters authorized a strike if an agreement could not be reached. The two sides were in disagreement over wages and health insurance, along with a series of productivity and safety issues. Part of the company’s proposal was a new system of productivity standards that the union had some concerns about. A strike was averted despite the inability to come to a contract agreement by the deadline. Employees agreed to continue working under the terms of the old contract while negotiations proceeded with the help of a federal mediator. An agreement was finally reached on December 16, 1993.

**Key Changes**

Throughout the next year, while considering alternatives for the new warehouse and distribution system, the company was also reviewing plans for a new pay-for-performance system that would replace hourly wages. Pay-for-performance was a concept that the company thought might make TOPS more competitive through more productivity. In June 1994, in a contract reopening, workers agreed to install a pay-for-performance contract contingent upon the construction of the new distribution center in the Buffalo area. An Engineered Work Standard System would begin in October 1995 when the existing labor agreement ended and the new building opened. The system would be based on average market rate, determined by averaging the wages of all of the company’s union and non-union competitors.

“Our objective was to improve communications with the workforce, gain understanding... to achieve that which hasn’t been achieved elsewhere.”

—Jack Barrett
In February 1995, it was decided that the new $65 million distribution center would be built in Lancaster, if the company’s rezoning requests were approved by town officials. TOPS was offered $2.8 million in incentives, including a $250,000 infrastructure grant, a $250,000 infrastructure loan, and a $200,000 training grant to keep the warehouse in Western New York. Despite obvious support from the government to secure jobs and increase tax revenues, Lancaster citizens groups began to protest the construction of the facility for a variety of reasons including the increased truck traffic and its proximity to residential areas. Workers feared that the latest public outcry would mean the loss of their jobs if Lancaster citizens were successful in preventing construction of the facility. After months of debate and accommodations, the Lancaster Town Board voted to rezone 85 acres of farmland to TOPS for the new warehouse, which would create 900 construction jobs and about 670 warehouse jobs. The new warehouse was completed in the summer of 1996, and work was transferred to the facility in October.

In October 1997 a significant change occurred when Local 558 merged with the larger Local 264 to form a bargaining unit representing all warehouse, transportation, and distribution employees. A code of conduct was negotiated with the parent company in the Netherlands, committing the employer to absorb into the warehousing-transportation side of the business any employees whose jobs might be lost in distribution.

**Outcomes**

The new contract was ratified in August of 1998. The agreement made changes that provided stability for the company and security for the employees. The contract was extended until 2003. The pay-for-performance system was modified, and the pension plan was improved. Both parties began to look at things from a new perspective, perhaps a result of the new leadership, and began to operate the business in a more participative, proactive way. A committee of workers was formed to specialize in the operation of the engineering work standards. A neutral party was put in place to resolve disputes over the work standards, to avoid a conflict between labor and management. Employees were given the choice of being on or off the work standard system, and their wages were determined according to that choice. The union began to hold regular meetings with the company in the warehouse

for labor management discussions, with the purpose of resolving problems before they turned into grievances. As a result, the number of grievances decreased dramatically, from more than 10 per week, to as few as two per month.

TOPS formed an executive committee, consisting of the board of directors and union officials, to sit down and discuss the direction that the relationship was taking, and what goals the organization wanted to achieve. A leadership group was formed in January of 1999, comprised of all of the stewards in transportation and warehousing, along with every other group under contract, together with company representatives including mid-level managers, supervisors, distribution support associates, the clerical workforce, and members from TOPS headquarters. The large group of 35-40 people participated in a four-day work session where participants learned to let go of the past relationship and work together to move into a new, cooperative future. During the session, the leadership group crafted a Statement of Possibility for TOPS Distribution, which now reads: “Teamwork, Opportunity, Prosperity, and Service Equals a Partnership with Pride for our Families in the Future.” Along with management, Local 264 plans to maintain the new team-oriented atmosphere at the Lancaster distribution facility. They have designed ways to deal with any breakdowns in the relationship that may occur in the future. Built into the labor agreement is a procedure for acknowledging problems and then immediately making the appropriate changes. In the future, employees will concentrate on customer service breakthrough projects, moving the focus away from the warehouse to the internal customers of the service being provided by the facility: the supermarkets. Labor will work together with management to improve the quality of services offered to the stores.

“We were able to go ahead and, out of a difficult situation, build a good relationship with the company, and actually bargained a brand new contract that did some very good things for people.”

—Richard Lipsitz, Jr.
The Buffalo Philharmonic Orchestra was founded in 1935 and incorporated in 1936. In 1940, the Orchestra moved into Kleinhans Music Hall in Buffalo, NY, a national historic landmark, where it remains to this day. Currently, the BPO is in its 64th season in Buffalo, and serves as one of Western New York’s leading sources of cultural enlightenment and entertainment.

**Key Players:**
- Joe Goodell, Former Executive Director, BPO
- Mark Jones, President, Buffalo Musicians Union Local 92

**Key Challenges**

The Buffalo Philharmonic Orchestra is an internationally-recognized symphony orchestra, and an artistic treasure of the region. And yet, for those who have followed the story of the Philharmonic, there may be some surprise that the orchestra actually survived to play music in the new millennium. For the first half of the last decade the continuing saga of the BPO was chronicled by local media, and each day the storyline took a new, but all too familiar, turn. Season after season, the orchestra was plagued by budget deficits, dwindling audiences, and a multitude of disagreements between BPO management and the musicians.

The most intense period of crisis for the BPO hit during the 1993-94 and 1994-95 seasons. The 1990-91 season was delayed for two months because of financial problems, which returned with a vengeance on July 23, 1993 when management announced that the BPO was once again in "serious financial trouble." On September 6, its season opening concerts postponed, the BPO’s “formal notices of termination,” became effective, leaving 16 of the 23 administrative employees and all 80 musicians unemployed and set to lose their health coverage at the end of the month. The musicians had rejected the proposed reopening of their collective bargaining agreement, with its proposed drop in base pay from $34,000 to about $27,000. It was the fifth consecutive year that the board had broken signed contracts with the union. Unwilling to give up, on October 1 a “minicase” was accepted, making time for a wider community effort to save the BPO. A joint committee of the board and musicians was formed to examine the financial problems and look for solutions. The committee had three objectives: fiscal responsibility, operational stability, and artistic strength. Survival of the orchestra was vital to maintaining the cultural integrity of greater Buffalo.

A shortened season passed, but problems and bad feelings between musicians and management remained. In the absence of cooperation between the two parties, the orchestra was headed for destruction. Some musicians suggested that orchestra leaders look at the way they do business before asking for more cuts. They called for more stable, effective management, and asserted that the orchestra had suffered from “continuous management turnover and ineffective planning." The BPO had gone through six executive directors in the previous seven years, in addition, while only 72 musicians retired or left during the 1970s and 1980s, 230 administrative employees left during the same period. A consistent improvement in the relationship was not possible as long as the high turnover rate continued.

"The future looks bright for the Buffalo Philharmonic Orchestra."
- Mark Jones
In May 1994 the rejection of another proposed concessionary contract by the musicians brought another threat of an orchestra shutdown.

**Key Changes**

On June 27, 1994, the musicians approved an 18-month settlement that included a five-percent pay cut, reduced healthcare benefits, and work rule concessions. The new agreement, to take effect in September, cancelled the entire summer schedule except for two festivals that the musicians would perform without pay. The innovative agreement tied the musician’s pay to the orchestra’s financial performance, along with giving the musicians more input into managing the business aspects of the orchestra. The 12-member Executive Committee of the Orchestra Society Board gave six seats to musicians, who would also head six subcommittees including artistic, marketing, and new initiatives. The agreement also tied the salaries of the music director, the executive director, and other staff members to the BPO’s financial performance. Under this plan, if the orchestra failed to meet its budget projections, the pay and benefits of the musicians and the staff would be cut. If projections were exceeded, a form of profit sharing would take effect, distributing 80 percent of the surplus among all the employees.

Musicians and management both agreed that the settlement virtually guaranteed that the BPO would continue performing uninterrupted for the next three years. These changes provided motivation for management and musicians to work together for the success of the orchestra, and gave musicians a sense of empowerment that they had never had before. Musician representation on the board was much greater than that of any other American orchestra board. Musicians, management and staff started the 1994-95 season as “The New Buffalo Philharmonic Orchestra.”

“Everything management does isn’t hateful. Everything the union does isn’t hateful. We all need to work together. We’re going to make mistakes, but we need to be united and work together.”

-Mark Jones

-Mark Jones
Few can remember a more optimistic time for the Buffalo Philharmonic Orchestra. New Music Director, Jo Ann Falletta, has brought refreshing excitement to the music and the community. The 1996-97 season, ticket sales were up 33% from the previous year’s total sales. Single ticket revenues were twice what they were a year earlier, and the 1997 annual fund drive exceeded the previous year’s by 17%, for a record $2.35 million. Likewise, under the leadership of Mark Jones, a tuba player who performs often with the BPO, Local 92 has experienced a 32% growth in membership over the last five years.

Outcomes
In December 1999, the orchestra announced that it had eliminated most of its debt, with the help of a pension relief agreement with the federal government, and the support of the Margaret L. Wendt Foundation. The BPO also finished the 1998-99 fiscal year with a surplus, the second straight after a long series of deficits. It attributed its net operating surplus to successful fund-raising and higher earned revenues. In September 1999, musicians approved a new three-year contract with base salary raises up to $38,000 in 2002-03, increased pension benefits, lengthening BPO seasons, paid vacations and agreement to continue the orchestra with its present complement of 72 musicians.

The orchestra had terrible, terrible management for many years, and in that sort of situation mistrust can build up very easily... I think that a company gets the labor relations they deserve, if they manage it well they get good labor relations.”

-Joe Goodell

Champions Case Studies 3/30/01 9:54 AM Page 38
Quebecor originated in Montreal, Quebec, and the Canadian operations include 40 plants and 6,000 employees. Quebecor's Depew plant, known as Quebecor World Buffalo, was built in 1962 as part of the J.W. Clement Company. The Clement Company was acquired in 1985 by Arcata Graphics, which was then purchased by Quebecor in April 1993.
Reader's Digest, the most widely read magazine in the world, had been printed at the Depew plant for 27 years. However, in 1994, Quebecor entered into a fierce bidding war with its biggest competitor—R.R. Donnelley & Sons—over the lucrative contract, which accounted for 25-30% of the work at the Depew plant. Management and union leaders asked workers to agree to a 10-year no-strike/no-lockout amendment to their contracts in an effort to compete with the non-union Donnelley factories. Two of the seven unions rejected the proposal. Even though workers at the plant had not gone on strike in 18 years, there was a fear on the magazine's part that a work stoppage at the plant would result in an interruption of service. Quebecor gave up on negotiations when 17 months of bidding forced prices so low that the deal was no longer profitable. On September 13, 1994, the company announced that it had lost the $20 million contract to print Reader’s Digest. The 400-500 jobs created by the contract would be lost when the contract expired two years later. Now, not only did the company have to find a way to save jobs and replace the lost business, it also had to keep its unionized Depew plant competitive without jeopardizing the stable relationship between management and organized labor at the plant. If one client could take its business elsewhere, so could others.

The plant stopped printing Reader’s Digest. In 1996, as expected, Quebecor was forced to downsize the facility by 445 people, laying off approximately one-third of the workforce. Rebuilding in 1997, a new printing contract enabled the plant to recall some of the employees whose jobs had been lost. The contract to print 2.2 million weekly copies of Soap Opera Digest would provide about 10 percent of the plant’s total volume with 2.2 million copies weekly. Also that year, Quebecor began printing a coupon book for Eckerd, and renewed one of its biggest printing contracts, Harlequin books.

Quebecor Buffalo took a huge step toward solidifying the labor-management relationship when all seven unions signed a single, eight-year agreement with the company in late December 1997. With a 2% signing bonus and raises of 9.25% over five years, the stability of the new eight-year agreement gave Quebecor Buffalo a strong competitive edge over other...
plants and allowed the company to go after long-term printing contracts. There was a new feeling of cooperation at the plant, and every day practices further solidify the relationship and improve the other competitive strengths of the plant. New developments in technology have gone a long way to improve the working environment for employees. To ensure that the workforce develops along with the new technology, the plant has well-designed cross-training for employees to learn how to operate new equipment. Employees are guaranteed retraining to use advancing technology so that they will not lose their jobs because of it. Jobs are no longer as repetitive and single dimensional. Employees are trained in an ISO 9002 certified, multi-task environment, which makes their skills far more valuable in the marketplace. Another aspect of Quebecor's commitment to workforce development is the use of BEST (Business Excellence Solutions Teams) in solving problems. Union officials are a part of the leadership team at the Depew plant. Every month, management meets with union leaders to discuss current business challenges. Approximately 80% of the workforce participates in some type of team. Quebecor Buffalo's employees are a valuable asset in the community, and have supported over 100 charities, including Habitat for Humanity.

OUTCOMES

In 1999 Quebecor agreed to purchase World Color Press Inc. for $2.7 billion in cash, stock and assumed debt. The purchase doubled Quebecor’s business in the U.S. and made the company the largest commercial printer in the world. The company was renamed Quebecor World Inc. Also that year, Quebecor Buffalo completed recalls of the jobs lost in 1996, bringing over 400 employees back to work in Depew.

On March 9, 2000, all of the unions at the Depew plant approved a new nine-year labor agreement as part of an expansion plan that could add another 400 jobs to the plant over the next three years. Quebecor World's strategy to consolidate operations into larger, more specialized plants named Quebecor Buffalo a new “mega-facility,” specializing in two main product types: mass market paperback books and newspaper inserts and coupon books. The $15 million expansion for the 850,000 square foot plant was confirmed, based on the innovative labor contract, the plant's ISO 9002 certification, publicly-funded financial incentives, and the region's binational location. The number of employees at the facility, currently 933, will be boosted to over 1,300 when the expansion is completed, surpassing the employment level of the plant before the loss of the Reader's Digest contract. A manufacturing team has been put in place to oversee the transition of work at the plant. Printing will increase to over 460 million books annually, and the capacity for printing newspaper inserts and circulars will increase by about 50% after two new wide web gravure presses are added. The expansion is scheduled for completion by December 31, 2000.

“I have put aside this perception there's disharmony in Western New York, and this is a very tough environment to operate in. I've said it's NOT a tough environment when management is consistent in its communication and actions.”

-KEVIN J. CLARKE
Project Labor Agreements (PLAs) are one of the more controversial topics in the construction industry today. For publicly-funded building projects, they have become an issue of national attention, inspiring lawsuits, congressional initiatives and executive orders.

A PLA is a collective bargaining agreement negotiated by and between a local building trades council and construction project owners or managers. It is unique in that it is a pre-hire agreement, enabling the construction companies to bid on jobs with full knowledge of employment costs and an assured supply of skilled labor. The PLA sets terms, conditions, and wages for the project, which can be bid on by both union and non-union contractors in an open bidding process pursuant to state competitive bidding laws. The terms and conditions set by the agreement apply to every contractor and subcontractor operating on the project site for the duration of the project. These types of agreements aim to provide a pool of highly-trained skilled workers in each segment of the construction industry. All PLAs contain no-strike and no-lockout clauses to ensure on-time project completion, and establish uniform work rules along with providing a system for dispute resolution to eliminate labor disruptions and maintain stability.

Historically, PLAs go back more than 50 years, and were used on such private projects as Disney World and the Alaskan pipeline. Though common in private sector construction, it was not until the early 1990s that public sector authorities began to consider PLAs for large construction projects. While supporters praise PLAs for on-time, under-budget completion of projects, opponents claim that the opposite is true, and that they are costly and inefficient.

There have been several high-profile cases of project labor agreements in Western New York’s public sector. They include such construction projects as Roswell Park Cancer Institute, The Buffalo Niagara International Airport, Northwest Academy, the Erie County Court House, and the much-anticipated Niagara Falls High School. Each of these projects was completed under budget, and on time, with both union and non-union participation. Most commonly, different contractors win different portions of the project – rarely is the construction completed entirely by a single contractor. In fact, the largest contract at the Northwest Academy project went to a non-union general contractor. Two of the public sector PLAs, the Buffalo Niagara International Airport and the new Niagara Falls High School, have been two of the most talked about construction projects in recent history.

After completing work on the Roswell Park Cancer Institute, Western New York’s first public sector project labor agreement, the Buffalo Building and Construction Trades Council began planning a PLA for use on the multi-million dollar construction of the new airport terminal. The Building and Construction Trades Council, the organization of Western New York’s skilled building and construction unions, petitioned the Board of Commissioners for the NFTA to utilize a PLA for the airport redevelopment project, valued at close to $187 million, $66 million of which would be used on the new terminal. The Building Trades began to hold demonstrations in an attempt to show the NFTA the beneficial aspects of PLAs, and to address the agency’s fear that a PLA could

“A PLA has many advantages; it protects against any strike, work slowdown, or cheating of wages for the workers. In this area PLAs also typically provide higher participation of minority workers and women. They also give non-union contractors who are not in the state apprenticeship programs access to a pool of apprentices from our local union that they’ve never had before. This helps lower the cost of doing the job.”

-Dan Boody

“Project labor agreements are one of many tools which may be used by management and labor to promote the timely completion of public construction projects while limiting their costs.”

-George E. Pataki
increase project costs by reducing bid competition and cause delays from lawsuits by contractors opposed to the agreement. In mid-July 1995, the Building Trades Council submitted a formal plan to the NFTA for the proposed project labor agreement. After months of negotiations, on October 6, 1995, NFTA officials approved a labor agreement with the unions for $55 million worth of the airport construction. The PLA covered work on the parking ramp, roads, the airport apron, asbestos removal, and the demolition of the East and West terminals. A similar agreement was negotiated by the local union and Baker Mellon Stuart Construction of Pittsburgh to construct the terminal building.

The newly-redesigned and renamed Buffalo Niagara International Airport opened to wide public acclaim in late October 1997. Not only did the project labor agreement save money, but it also kept the construction on schedule.

NFTA officials were so pleased with the results of the PLA that when they made plans for $85 million worth of improvements to the airport in 1999, they immediately moved to open talks with the Building Trades Council for a similar agreement to cover the project. The Airport Improvement Project 2000 will create seven new gates to accommodate an increased number of passengers and the need for additional airline gate capacity. It will also provide additional aircraft and passenger parking. Concessions and restrooms will be added to the interior of the airport and the East entrance to the terminal will be relocated. The first four of the seven new gates are expected to be completed in September 2000, with the remaining three opening in December 2000. The arrival of such low-cost carriers as Southwest Airlines and JetBlue makes the airport expansion and improvement an important economic development symbol for Western New York.

Niagara Falls, New York, is the site of the state’s first privately-owned public high school. The school is the product of years of planning that began in the mid-1990s when the Niagara Falls City School District and the Board of Education were considering alternatives to remedy the deteriorating condition of two of the city’s high schools. LaSalle Senior High School, which had been in use since 1955 and was beginning to show signs of advancing age, was still in far better shape than the 75-year-old Niagara Falls High School. In May 1997, the Board of Education decided that a new school would be built to replace the two existing facilities. The location chosen for the new school is a 79-acre site near Hyde Park, leased to the School District by the City of Niagara Falls for 99 years. The school district began to explore the possibility of utilizing a project labor agreement for the construction of the high school. Niagara County’s building trades are organized under the Niagara County Building & Construction Trades Council. Concerns and problems were addressed, and the groups began to put together an agreement, initially starting with a Memorandum of Project Labor Agreement that dealt with approximately $70 million of the $85 million dollar project.

Most of the new school facilities will be available for use by the community when not being used for student activities. In addition to the new athletic facilities on-site, the school itself will include a state-of-the-art information center.
technology center, a Performing Arts Center featuring a 1,700-seat theater, a health center, an Olympic-sized pool, gymnasiums, cafeteria, indoor running track, a Long Distance Learning Facility, student activity rooms and, of course, classrooms. Along with being one of the most technologically advanced education facilities in the United States, the $85 million high school is the first public project in Niagara County to be built under a project labor agreement, and so far the results have been good. The project is on schedule and within budget.

In 1999 the building trades and unionized contractors of Niagara County formally unveiled the Niagara Labor and Builders’ Partnership, which aims to promote union labor in the county’s slow-growth construction sector. The partnership is working to improve cooperation among the unions and their employers for a healthier local economy.

As this report is being written, negotiations are underway to create an agreement for extensive revitalization of the public schools of the City of Buffalo. An unprecedented billion dollar project will build new schools and rehabilitate old ones over the next ten years, to assure that Buffalo’s children go to school in an environment that equips them for the economy, indeed the world, of tomorrow. Accomplishing that through a collaborative effort of workers, unions, employers, and school and public officials will also be a fine lesson in cooperation for our younger generations.

“We have productivity, and we have the attitude that’s proper on the job, and we don’t have any shutdowns or slowdowns... we end up with a better community.”

-Angelo Massaro, Esq.
85

Toward a Region of Champions
In the past few decades, international economic developments, technological changes and communication innovations have transformed America's economy. These global forces have given rise to innovation and transformation at the most local level, in workplaces everywhere. Leaders in industry and labor generally agree that the traditional systems of work organization and labor relations are not fully appropriate for the realities of today's economy. The traditional system was based on control and conflicts; the emerging system, resulting from innovative practices, centers on adaptation and collaborative problem solving. While the traditional system emphasized win-lose relationships, the emerging system emphasizes pursuit of mutual gains.

Business and industrial relations researchers find in the evolving workplace systems clusters of features: flexible work organization, extensive workplace communication, information sharing, collaborative problem solving, compensation linked to performance and/or knowledge, and workforce development. These practices enable enterprises to compete not merely on the basis of current costs but also on the basis of productivity, quality, innovation, flexibility, and customization – all of which can help firms establish sustainable marketplace advantages. Such practices also provide enterprises with an opportunity to realize the greatest benefit from worker skills, talents and commitment.

The innovative practices of the newer workplace systems also benefit workers. The traditional system saw labor as an input whose cost merely had to be minimized. The emerging system sees the workforce as a valuable resource that will generate the greatest returns when human-resource investments are not neglected. Costs are still important, but the new system makes explicit the potential for mutual gains. Moreover, in a world where work can be transferred almost anywhere on the globe, employment security is weakest for workers where managers think only in traditional terms.

Managers, union leaders and workers in Western New York are well on their way into this emerging system. The research reported here provides strong evidence of the region's progress. Taken as a whole, the quantitative results of the survey, the extensive comments of the respondents, and the case studies paint a picture that has many variants and great diversity. It is not, of course, a perfect picture.

Furthermore, these pictures of progress in the workplaces of Western New York should not obscure the obvious challenges facing the region: sluggish job growth, the out migration of young people, and local labor market deficiencies that still leave many without employment while employers express concern about a looming skill shortage. Not all citizens share in current economic opportunities in Western New York, and education and training institutions grapple with new demands for skills and expertise. With the workweek lengthening for many, workers struggle to balance family life and employment demands. Some working families have yet to feel the benefits of the prosperity boom of the 1990s, a boom that got to wages last. Issues of regional cooperation, the environment, urban sprawl and development, the technological infrastructure, and the relationships between the public and the private sectors will all affect the economic health of the community in the future.
The Champions at Work who are a part of this project have committed themselves to sharing their experience and expertise as the region tackles these challenges and the many opportunities of the future. The directory at the end of this report provides information on each of them. They are a part of what is expected to be a growing network of business and union leaders working together with public officials and educational institutions to continue to build the high road to opportunity in Western New York.

The AFL-CIO Economic Development Group and Buffalo Niagara Enterprise have both taken great strides forward even as this report was being written. The EDG is working on a diverse array of projects, including mechanisms for assuring low-cost power for the region, investment and labor agreements in the reconstruction of Buffalo’s public schools, and strengthened technical and career education. BNE’s promotional campaigns can be seen throughout the region giving Western New Yorkers a positive look at the many advantages and strengths of our community. Their business development initiatives reach out to the global economy.

The findings of this report can strengthen those efforts. It provides a record of some of the community’s most valuable assets, documenting:

- commitment and optimism in a high-quality workforce
- practical, pragmatic approaches based on problem solving in operation
- creativity and experimentation utilizing the skills and knowledge of people throughout the organizations
- traditions of reconciling opposing interests into mutual advantage, a historical function of collective bargaining
- the emergence of more inclusive, democratic decision-making that can promote the good of the whole
- models of cooperation that might be applied to other conflicts and controversies that jeopardize economic and social progress in the region

The Champions at Work network is poised to expand on the strengths this report found in workplaces throughout the area. Their service to the community will be rewarded by a brighter economic future on a base of shared prosperity.