

Possible Implications of the CWA-IBEW- US WEST Initiative

5

The broad outline of the union-management partnership in the Home and Personal Services Division of U S WEST, Inc. could hold lessons for other companies. Growing competition and a search for improved customer service are common throughout telecommunications, and, increasingly, throughout service sector industries. The extent to which individual companies respond to these pressures by forming partnerships with their workers and involving them in a high-wage, high-skill strategy will depend on the worker-management relationships in each company.¹ Companies and unions that wish to follow a high-wage, high-skill path may find the experience at U S WEST, Inc. instructive.

This chapter examines the general labor-management relationship at several of the unionized telephone companies and discusses the possibilities for creation of partnerships similar to those formed in the Home and Personal Services Division of U S WEST, Inc. It concludes with a brief discussion of the possible implications of the U S WEST, Inc. case study for the broader communications industry and the service sector of the U.S. economy.

GROWING COMPETITION IN TELECOMMUNICATIONS

Although deregulation and technological changes have already increased competition in local telephone markets (see ch.

*".... After a//, the Co/d
War is over. The Bedin
Wa// is down. There is
no earthy reason why
labor and management
in the United States
cannot move beyond
old suspicions into
a new and productive
relationship, "*

¹The high-wage, high-skill path is an overall competitive strategy. The specific actions of telecommunications companies that choose to follow such a path will depend in part on the regulatory climate within which those companies operate. OTA has not analyzed which of the specific actions taken by U S WEST are possible for other companies to take. Instead, this chapter focuses on the overall worker-management relationship in various companies, and whether that relationship might lead to a partnership similar to the CWA-IBEW-HPS partnership.

John J. Barry
International President
International Brotherhood of
Electrical workers

1), two developments in 1993 could dramatically increase that competition. First, Regional Bell Operating Companies (RBOCs) are beginning to enter cable television markets. In a new joint venture, U S WEST, Inc. and Time Warner, L.P. plan to offer interactive audio and video communications to Time Warner's 7.1 million cable customers, most of whom are located outside of US WEST's 14-State region, by the end of the decade.² In early 1993, Southwestern Bell announced plans to enter cable television markets by acquiring two Washington, D. C.-area cable television companies. Most recently, in August 1993, a federal court judge ruled that Bell Atlantic may begin building a cable television system in Alexandria, Virginia, offering interactive video services.³ And, in September 1993, the Federal Communications Commission granted U S WEST Communications a temporary waiver, allowing the company and Time Warner to operate cable television systems within U S WEST's 14-State region. These developments increase the competition for residential communications services and raise the possibility that, for the first time, RBOCs will compete directly with each other for residential telephone customers.

Second, a recent Federal Communications Commission (FCC) decision threatens the RBOCs' current monopoly on providing residential customer access to long-distance telephone companies. Currently, the fees that RBOCs charge long-distance phone companies for access to their local customer networks account for about 25 percent of the RBOCs' revenue and more than half of their profits.⁴ On August 3, 1993, the FCC

voted to allow new phone company competitors to carry long-distance telephone calls from RBOC switching offices to long-distance carriers' networks.⁵ This decision opens new markets to independent telephone companies and to joint ventures, such as the U S WEST-Time Warner joint venture.⁶ At the same time, however, the FCC decision increases the competition among all players in the emerging multi-media telecommunications industry.

POSSIBLE IMPLICATIONS FOR TELECOMMUNICATIONS COMPANIES

BellSouth

Currently, BellSouth, Inc. is the largest Regional Holding Company (RHC). In 1992, revenues were \$15.20 billion and net income was \$1.66 billion.⁷ BellSouth has integrated its quality improvement strategy with its joint union-management employee involvement programs. This integration is a natural offshoot from a strong, positive labor-management relationship that has developed over the past 20 years.⁸

The current positive relationships at BellSouth evolved out of conflict. Following a long and bitter strike in 1955, both the union and management began to try to improve their relationship. By 1971, a new problem-solving approach had reduced the number of grievances reaching the State level by 50 percent, and, in the late 1970s, the company and union began to experiment with employee involvement. When CWA negotiated a joint union-management Quality of Work Life (QWL) process in national talks with AT&T in 1990, Southern Bell and CWA District 3 created

² M. S. Carnevale, J. J. Keller, M. Robichaux, "Cable-Phone Link is Promising Gamble," *The Wall Street Journal*, May 18, 1993, p. B1.

³ C. Skrzycki, "Ruling Opens Cable TV Rivalry," *The Washington Post*, August 25, 1993, p. A-1.

⁴ Ibid.

⁵ "FCC Votes to Allow New Rivals to Enter Local Phone Business," *The Wall Street Journal*, Wednesday, August 4, 1993, p. B5.

⁶ In announcing the joint venture with Time Warner, U S WEST described plans to market its access to Time-Warner customers to long-distance companies. M.S. Carnevale, et al. op. cit., 1993, p. B2.

⁷ Ibid., p. B1.

⁸ R. Batt, "Work Reorganization and Labor Relations in Telecommunications Services: A Case Study of BellSouth Corporation" June 1993, p. 18.

many QWL teams at the shopfloor level; these teams continued and grew after divestiture, and numbered over 600 in 1989.⁹

Following divestiture, BellSouth merged two telephone holding companies into a single RBOC—BellSouth Telecommunications—and formed a new subsidiary-BellSouth Enterprises—to enter unregulated markets. BellSouth recognized CWA as the bargaining agent for workers in the new ventures, including Advanced Systems, Inc., which markets business communications equipment.¹⁰ Building on these cooperative developments, in 1989 the company and union agreed to merge the company's total quality program with the joint QWL program, creating a new joint Excellence Through Quality (EQC) initiative.

As part of the EQC, some groups of customer contact workers and their managers have formed self-managed teams. In these teams, front-line workers take on administrative tasks, including filling out performance reports, attending supervisory meetings, and interacting with other departments. These teams are somewhat analogous to the work unit envisioned by the joint job design team in HPS (see ch. 3). Self-managed teams of outside technicians who lay cable to homes and businesses are also being developed.

Currently, customer contact jobs at BellSouth are divided into three specialties. One group focuses on sales, while two groups focus on collections. (One type of worker handles live accounts and another, final collections).¹¹ If BellSouth and CWA chose to integrate these functions, or if the company and union chose to try to tie the jobs of customer contact workers more closely to the jobs of repair workers, the

research and results of the joint union-management job design team at U S WEST might provide useful information.

AT&T

With 1992 revenues of \$64.9 billion, AT&T is the largest long-distance telephone company in the U.S. today, although its share of the market has dropped from 80 percent at divestiture to between 60 and 65 percent.¹² Faced with intense competition, especially from MCI Communications Corp. and U.S. Sprint, Inc., the company has reduced its workforce and entered new types of communications markets, primarily through acquisitions. Between 1989 and 1992, the company eliminated 36,000 jobs,¹³ and CWA estimates that it has lost more than 100,000 jobs at AT&T since divestiture. Currently, CWA represents about 90,000 AT&T employees, while the IBEW represents about 21,500 workers, most of whom are employed in manufacturing telecommunications equipment.¹⁴

Faced with maturing markets for long-distance telephone service, AT&T has launched several new, primarily nonunion ventures to enter new markets. Since assuming the job of Chairman and CEO in 1988, Robert Allen has made a series of important acquisitions, including NCR, Inc., which brought AT&T computer expertise, and, most recently, McCaw Cellular Communications, Inc., the nation's largest cellular telephone company.¹⁵ In August 1993, AT&T announced that it would acquire all of McCaw for \$12.6 billion.¹⁶ Such a merger could give the company the potential to

⁹ Ibid., p.

¹⁰ R. Batt, 1993, op. cit., p. 22.

¹¹ R. Batt, op. cit., p. 29.

¹² C. Skrzycki, "MCI: Still Grappling at 25," *Washington Business*, June 28, 1993, p. 18.

¹³ M.H. Cimini, S. L. Behrmann, E. M. Johnson, "Labor-Management Bargaining in 1992," *Monthly Labor Review*, January 1993, p. 23.

¹⁴ D. Robinson, Assistant to Vice President for Labor Relations, AT&T, interview, August 1993.

¹⁵ B. Ziegler, C. Arnst, et al., "AT&T's Bold Bet," *Business Week*, Aug. 30, 1993, p. 26.

¹⁶ S. Sugawara, "AT&T Bids For Cellular Phone Giant," *The Washington Post*, vol. 116, no. 255, August 17, 1993, p. A-1.

reach every home and mobile caller in the United States, providing AT&T's financial and marketing expertise to increase market acceptance of cellular telephones. However, regulators and RBOCS are concerned that this joint venture could allow AT&T to re-emerge as a telephone monopoly. The acquisition will require Justice Department and FCC approval.

In 1980, CWA and AT&T created a Quality of Work Life (QWL) process that brought union and company leaders together at the shop floor level to improve productivity and resolve workplace problems. A similar QWL process was created in negotiations with the IBEW, and joint committees were created in AT&T's manufacturing plants. Three years later, the company created Common Interest Forums with the two unions, bringing top-level company and union officials together to discuss business and personnel issues. During the mid- and late-1980s, labor-management conflicts arose over a variety of issues, including CWA's attempts to organize AT&T's nonunion subsidiaries¹⁷, health benefits, and the continuing layoffs. However, the Common Interest Forum discussions continued throughout this period.¹⁸

These discussions led to a breakthrough in the 1992 round of collective bargaining. In the July agreement covering about 125,000 workers represented by CWA and IBEW,¹⁹ the company made a strong statement recognizing the value of the two unions and guaranteeing neutrality toward

union organizing at four of its nonunion subsidiaries and all future acquisitions.²⁰ The parties agreed to create a new joint process called the Workplace of the Future (WPOF), which includes joint union-management committees at the shop floor, at the level of the business unit, and at the company level.

According to AT&T Vice President for Labor Relations William Ketchum, he and other company proponents of the WPOF initiative "met a lot of resistance to sharing power" within the management ranks. However, in the end, the executives of the business unit realized "we had to change in order to stay competitive."²¹ The company recognizes that its future success depends in part on empowering front-line employees, which, in turn, requires a change in work roles, training, and management techniques.²²

For CWA, the new agreement reflects a changed strategy; the union recognizes that its attempts to fight layoffs through arbitration, the courts, and other avenues have been largely unsuccessful, and hopes to help improve the management of the company so that AT&T will thrive in the more competitive marketplace.²³ Although the union was unable to win employment security guarantees in the 1992 contract, CWA Vice President for Communications and Technologies Jim Irvine is cautiously optimistic that the layoffs are over and that the union can help the company develop new business ventures, generate new revenues, and thus enhance employ-

17 For example, an NCR employee and CWA President Morton Bahr argued in hearings before the Senate Subcommittee On Employment and productivity that NCR's opposition and delays caused the union to lose a certification election in February of 1992. Roger Runyon, Dayton, Ohio, and Morton Bahr, President, Communications Workers of America, "The American Labor Movement: Hearings before the Subcommittee on Employment and Productivity," December 9, 1992 (unpublished transcript from the Senate Committee on Education and Labor).

18 M. Bahr, President, CWA, Remarks at Workplace of the Future Meeting, West Randolph, N.J., March 8, 1993.

19 M. H. Cimini, et al., 1993, op. Cit., p. 23.

20 CWA has found that AT&T is honoring these commitments as the union organizes workers at American Transtech. Jim Irvine, Vice President, CWA, interview, August 4, 1993.

21 W.K. Ketchum, Vice President-Labor Relations, AT&T, cited in "Reich Blesses AT&T/CWA 'Work Place of Future' Initiative," *Telecommunications Reports*, March 15, 1993, p. 25.

22 M. Bahr and W.K. Ketchum, "Workplace of the Future," article forthcoming in *Human Resource Management Journal*, Vol. 32.

23 Jim Irvine, Vice President, CWA, interview, Aug. 4, 1993.

ment security for the workers. Prior to the 1992 round of collective bargaining, CWA surveyed its members and found that about 83 percent wanted a role in decisions that affected their jobs.

John J. Barry, President of the IBEW, has expressed a somewhat similar view of the Workplace of the Future: "If we have achieved success in the past with management pursuing one agenda and labor another-how much better can we do by working together?"²⁴ Barry also notes that the new labor-management partnership requires IBEW to take on more responsibility for product quality and customer satisfaction. The IBEW'S long history of working with the construction industry to develop and deliver apprenticeship and journeyman upgrade training may be helpful as the union begins to work more closely with the telephone industry.

The Workplace of the Future initiative is at an early stage of implementation. In March 1993, the company and CWA held a large kickoff rally in New Jersey that was attended by about 600 CWA local presidents and 400 managers, representing about half of the AT&T business units. Top union and management leadership, including CWA President Morton Bahr and AT&T Vice President for Labor Relations Bill Ketchum, as well as U.S. Secretary of Labor Robert Reich, spoke at this rally. In June, a similar meeting was held in Chicago. Managers of AT&T business units employing IBEW members, IBEW local presidents, and IBEW President Jack Berry were among those present.

By August 1993, the company and unions had created joint union-management Business Unit Planning Councils in four of AT&T's 22 business units.²⁵ These included the Consumer Communications Services business unit, the Network Services division, the Data Communications Services division, and the Information Management Services division. Union and management representatives agree that these new councils

represent a fundamental change from their past relationship, in which the company made business decisions and the union then reacted. The Business Unit Planning Council in the Network Services Division, one of the largest and most profitable units within the company, has been particularly active.

The next step for WPOF will be not only to create and sustain Business Unit Development Councils in the remaining business units, but also to create and sustain joint activities at the shopfloor level. CWA and IBEW local leaders will decide whether or not to participate in joint committees that might develop employee participation programs, self-managed teams, joint quality improvement teams, and approaches to work reorganization. Although some local presidents remain highly skeptical of joint activities after the many layoffs, others are interested in working with local managers.

As the WPOF efforts continue, the joint union-management initiative in one business unit of U S WEST, Inc., HPS, may offer useful information. The Business Unit Planning council in Consumer Communications Services, which employs the majority of AT&T's customer service representatives, might find the experience at HPS particularly interesting.

NYNEX

NYNEX Corporation includes two RBOCs—New York Telephone and New England Telephone—as well as several unregulated subsidiaries. In 1992, NYNEX revenues were \$13.16 billion, and profits were \$1.31 billion. Most unionized workers at New York Telephone are represented by CWA, while the IBEW represents the majority of New England Telephone employees.

Labor-management relations at NYNEX have improved since the low point of a 17-week strike

²⁴ J.J. Barry, International President, IBEW, speech at the IBEW/AT&T Workplace of the Future Conference in Chicago, June 16, 1993.

²⁵ Ken Smith, District Manager, Workplace of the Future, AT&T, interview, August 4, 1993.

over health benefits during 1989 contract negotiations. Following the strike, the parties agreed that they had to find better way of working together, and, by the end of 1990, they began to talk of reaching early agreement on the next three-year contract.

In the summer of 1991, a full year before the previous contract was to expire, NYNEX reached an agreement with CWA and IBEW covering about 57,000 employees. About 39,000 of these workers are represented by CWA, and about 18,000 by IBEW. Although union and management were pleased with the wage and benefit terms, the overall labor-management relationship has not developed as well as the parties had hoped at the time of the early contract settlement.²⁷

In March 1993, NYNEX announced creation of a six-member senior executive team to develop new business strategies and restructuring plans for New York and New England Telephone companies.²⁸ Although no layoffs have been announced in conjunction with the restructuring, one company official stated that the effort might lead to a 30 to 35 percent cut in the size of the workforce.²⁹ The company invited both CWA and IBEW representatives to participate in the re-engineering effort. Although IBEW chose to participate with New England Telephone, IBEW leadership is very concerned about being involved in a program that could ultimately lead to layoffs.³⁰ There is no consensus within the IBEW about participating in company efforts to improve productivity at a time when the company is

downsizing. Because of its primary concern about job security for its current members, CWA chose not to participate with New York Telephone in the restructuring effort.³¹

One factor that might influence the future labor-management relationship at NYNEX is the two unions' ability to represent workers in new lines of business as the need for traditional telephone workers declines. During the long strike against NYNEX in 1989, CWA won an election to represent the workers at NYNEX Mobile, a cellular communications subsidiary, in New York. After the strike, the company voluntarily recognized IBEW as representative of a small group of workers at NYNEX Mobile in Massachusetts, based on a majority of workers signing union cards.³²

Another factor that might influence labor-management relationships at NYNEX is the company's desire to involve front-line workers in reorganizing work for increased productivity. Thus far, because of their concerns about employment security, and their inability to win union recognition for workers employed in new subsidiaries, the unions have chosen not to play a formal role in these efforts. For example, in response to its increasing losses of high-speed data networks to competitors, New York Telephone pulled together an eight-person design team made up of cable splicers and sales representatives.³³ This team mapped the work flows and found that it took 126 steps, 40 people, and at least 19 business days to fill an order. Within 6 months, the team

²⁶ This statement is based on interviews with J. Dowdall, Vice President Labor Relations, NYNEX and E. Riordan, Assistant Vice President, CWA District 1, in July 1993.

²⁷ J. Dowdall, Vice President, Labor Relations, NYNEX, interview, July 23, 1993.

²⁸ C. F. Mason, "NYNEX Begins Restructuring Efforts," *Telephony*, March 1, 1993, p. 9.

²⁹ K. C. Crowe, "NYNEX May Lose 25,000 Jobs in Re-engineering," *Business NY*, March 20, 1993.

³⁰ D. Cappiello, *Business Manager*, IBEW Local 2322, interview, July 13, 1993.

³¹ E. Riordan, Assistant Vice President, CWA District 1, interview, August 4, 1993.

³² J. J. Dowdall, Vice President, Labor Relations, NYNEX, written communication August 25, 1993. As discussed in chapter 2, such a voluntary recognition of a union by a company is rare in the U.S. today. Most employers require an organizing campaign, followed by an election.

³³ E. Corcoran, "Anthropology, kc." *The Washington Post*, February 21, 1993, p. H1.

redesigned the work process, and the new design was put into place in September 1992. The group vice president who initiated this effort was very pleased with the results, and NYNEX launched an advertising campaign in the New York City metropolitan area, promising to install a network whenever the customer wants it.

In another effort to broaden the jobs of front-line workers, the company created specialized groups of top sales workers in the metropolitan New York City area in the late 1980s. These customer service representatives, who had sold by phone, were assigned to make in-person calls to business customers. The union protested this expansion of the negotiated job duties without an appropriate pay increase, and, in 1991, an arbitrator agreed with CWA. The CWA and NYNEX then negotiated a new title and rate of pay, and the affected employees were paid retroactively to the dates on which they performed the added duties.³⁴

NYNEX has involved workers in other efforts to reorganize work. For example, New England Telephone installation and repair workers in Lawrence, Massachusetts, have created a self-managed team, and a team of operators, technicians, and managers have changed computer systems to help Spanish-speaking customers in the Bronx.³⁵ Although all of these efforts involve front-line workers, some of whom are union members, CWA and IBEW choose not to play a formal role.

As part of the early 1991 contract, CWA and New York Telephone created a Common Interest Committee, involving the Executive Vice Presidents of New York Telephone and New England Telephone, the Vice President of CWA District 1, and the chairman of the T-6 Council of the BEW.³⁶ Current discussions in the committee

focus on downsizing, downgrades, and forced relocations of work.³⁷

Although the current union-management relationships at NYNEX are not as mutually beneficial as the parties hoped at the time of the 1991 contract settlement, the relationships might evolve in the future. As NYNEX continues to try to reorganize work for increased efficiency, and as CWA and IBEW examine the costs and benefits of participating in this process, the joint union-management initiative in the Home and Personal Services division of US WEST Inc. could provide food for thought.

Bell Atlantic

In 1992, Bell Atlantic's revenues totaled \$12.65 billion, and net income was \$1.38 billion. Faced with increasing competition, the company has sought to improve quality, to reorganize work for better efficiency, and to enter new markets.

Bell Atlantic is planning to deliver video services, including cable television and video on demand, as well as other interactive services. The company is exploring provision of these services using several different technologies. One technology is ADSL (Asymmetric Digital Subscriber Line), which transmits compressed video across standard copper telephone wires. This technology is being tested in a video-on-demand trial in Northern Virginia.³⁸ At the same time, the company plans to install fiber optic cable to carry video dial tone for cable television operators and other information providers in Morris County and Toms River, New Jersey. The company has also successfully challenged Federal restrictions on RBOC entry into cable television markets. On August 25, 1993, a Federal court overturned certain provisions of the Cable Communications

³⁴ J. J. Dowdall, Vice President, Labor Relations, NYNEX, written information August 25, 1993.

³⁵ "At New York Telephone, HOLA stands for teamwork," *The Exchange*, vol. 10, no. 2, March/April 1993, p. 22.

³⁶ "Chairman of the T-6 Council represents the IBEW local unions in contract negotiations with New England Telephone.

³⁷ E. Riordan, Assistant Vice President, CWA, interview, August 9, 1993.

³⁸ Information provided by Bell Atlantic, Federal Relations, Washington, DC, August 4, 1993.

Policy Act of 1984 (P.L. 98-549) in response to a lawsuit initiated by Bell Atlantic.³⁹ Based on this ruling, Bell Atlantic plans to begin upgrading telephone lines to offer interactive video and audio services, such as home shopping and movies on demand. The new network will be based in part on trials of video-on-demand services that the company is already testing among its own Northern Virginia employees.

In 1989, Bell Atlantic Chairman Raymond Smith launched the Bell Atlantic Way, an effort to change Bell Atlantic's corporate culture.⁴⁰ The company felt that traditional management practices, born of a monopolistic past, put it at a disadvantage in an increasingly competitive environment. The Bell Atlantic Way is being introduced to all employees with the goal of transforming the company into a high-performance team. The Bell Atlantic Way seeks to integrate a customer-oriented approach to jobs, a competitive spending attitude (all expenditures must meet "best cost" criteria) and a new way of doing business. The new behaviors being sought include employee empowerment and accountability, teamwork, innovation, management as coaching, concern for others, and leadership by example. Along with the Bell Atlantic Way, the company also introduced a company-wide Quality Improvement Process designed to foster worker participation at all levels, so that the company can better meet customer requirements in a competitive marketplace.

The 1992 contract between the Bell Atlantic Network Services Group and CWA and IBEW covers about 51,800 workers. The company invited representatives of both unions to participate in both the Bell Atlantic Way and the Quality Improvement Process. The IBEW has chosen to participate, but CWA, which has seen the traditional telephone workforce shrink, and has been unable to obtain transfer rights to provide new employment in the company's nonunion subsidiaries, has chosen not to participate. CWA'S position toward the company's quality initiatives is currently one of 'noncooperation and nonsupport.'⁴¹ CWA'S attitude toward the company is also influenced by its attempt to organize Bell Atlantic's National Telephone Directory Corporation subsidiary, where the union has encountered resistance.⁴²

Bell Atlantic's desire for greater regulatory freedom may lead to enhanced labor-management cooperation in the future. For example, the IBEW supported the company's efforts to obtain greater rate-setting freedom in New Jersey, and, in exchange, the company and union signed memoranda of understanding guaranteeing that the IBEW would represent workers involved in laying fiber optic cable in the two New Jersey ventures mentioned above.⁴³ Another memorandum of understanding, including both the CWA and the IBEW, guarantees that unionized Bell Atlantic workers will do the work needed for the video-on-demand trials planned for Northern Virginia. The IBEW has also formally agreed to

³⁹ C. Skrzycki, "Ruling Opens Cable TV Rivalry," *The Washington Post*, August 25, 1993, p. A-1; Ann Crane, Bell Atlantic Federal Relations, interview, September 2, 1993.

⁴⁰ This paragraph is based on information supplied by Bell Atlantic, Federal Relations, August 4, 1993.

⁴¹ B. Lephardt, Assistant to Vice President, CWA District 2, interview, May 19, 1993.

⁴² This subsidiary sells Yellow Pages advertising in southern New Jersey, and was formerly an independent contractor to Bell Atlantic. When Bell Atlantic purchased the company, CWA asked for recognition but the company declined. During the 1993 organizing campaign, one employee who was actively supporting CWA was fired. In June, 1993, the NLRB issued a complaint against National Telephone Directory, alleging that the company had engaged in unfair labor practices by interrogating employees about their union membership and sympathies and by discharging the employee because of her support for the union. A hearing before an NLRB administrative law judge is scheduled for January 24, 1994-William A. Pascarell, Regional Director, National Labor Relations Board, "Order Consolidating Cases, Consolidated Complaint and Notice of Hearing," June 29, 1993.

⁴³ Bill Laing, Business Manager, IBEW local 827, July 26, 1993.

participate with New Jersey Bell in both the Bell Atlantic Way and Quality Improvement Process. This agreement is for a six-month trial period, beginning March 1, 1993.

Additionally, the 1992 contract negotiations between the Bell Atlantic Network Services Group Companies and CWA and IBEW created a vehicle for discussions that might lead to a labor-management partnership in the future. The parties agreed to create a joint council on labor-management relations, including senior company executives and top union officials. The monthly meetings of this group are addressing long-standing concerns of each party, including union security, employment security, subcontracting, electronic monitoring, productivity measurement, union involvement in the Bell Atlantic Way and Quality programs, and union support for company initiatives to obtain greater regulatory and legislative freedom. If these discussions lead to a mutual decision to work together in the face of greater competition, Bell Atlantic and the two unions might find that the labor-management cooperation in the Home and Personal Services division of U S WEST, Inc. offered a useful example.

A HIGH-SKILL PATH FOR THE SERVICE SECTOR?

The business success resulting from the union-management partnership at U S WEST, Inc. could be instructive to unions and companies in the larger communications industry and in the service sector of the economy generally.

The communications industry, which includes radio and television broadcasting, telegraph, and cable television, along with the telephone industry, is much less unionized than the telephone industry. In 1991, when unions represented 47.3 percent of workers employed in the telephone industry, they represented only 11 percent of

workers employed in radio and television broadcasting and cable television, and 10.1 percent of workers in telegraph and miscellaneous communications industries (see figure 2-2).⁴⁴ Throughout the communications industry, union representation has declined over the past 10 years. This decline is due in part to company resistance to union organizing.

In the Home and Personal Services Division of U S WEST, Inc., top management views the two unions as strategic assets, rather than as liabilities. The unions now spend less time reacting negatively to company initiatives and spend more time working with the company to improve quality and productivity. These changed views of unions and management are also reflected in the new labor-management initiative at AT&T. Over time, if such initiatives bring about both improved business results and benefits for workers, it is possible that unions may see their role differently, and that management attitudes towards unions in the larger communications industry may change. If managers became less opposed to union organizing, and if workers chose to join unions, labor-management partnerships similar to those in the Home and Personal Services Division might develop in cable television and other parts of the communications industry.

The Home and Personal Services Division of U S WEST, Inc. has found that involving its primarily female, front-line customer contact workers in process improvements and job redesign has increased productivity and service quality. This experience could provide valuable lessons for the finance, insurance, and real estate industries. Most front-line jobs in these industries are held by women. In 1992, about 4.2 million of the 6.6 million employees in this sector, or 64 percent, were female.⁴⁵

⁴⁴ The data used to derive these estimates are described in B. T. Hirsch and D. A. MacPherson, "Union Membership and Coverage Files from the Current Population Surveys: Note," *Industrial and Labor Relations Review*, vol. 46, no. 3 (April 1993), pp. 574-577.

⁴⁵ *Employment and Earnings*, June 1993, pp. 69, 82.

Faced with increasing competition resulting from deregulation, many U.S. banks have adopted a low-wage, low-skill strategy. In a 1987 study, OTA found that banks were increasingly relying on part-time and temporary workers to fill their customer contact positions. In banking, and in other parts of the service sector, internal job ladders were being dismantled, limiting upward mobility for these **workers**.⁴⁶ When one large metropolitan bank tried to restructure the work of customer service representatives (those who help customers balance check books and open new accounts) to include more sales and financial counseling work, they found that workers viewed the change as a speed-up rather than as a new opportunity.⁴⁷

Customer service representatives at this bank were given training in selling and financial counseling, but they often failed to complete sales. Interviews revealed that the workers saw their work as customer service, rather than sales. They also felt that they lacked time to do cross-selling of other bank products, in part because the bank had reduced their number to cut costs. And, they were not given coaching on how to prioritize their time in order to maximize both customer service and sales. Efforts to improve the computer network for use by the customer service representatives did not go smoothly. Systems engineers did not consult the front-line workers, in order to make the computer systems **user-friendly**, and did not provide training in the use of the new systems. This case study illustrates the difficulty of expanding the jobs of front-line workers without providing comprehensive training and **support**.

As discussed in chapter 2, research on various approaches to worker participation suggests that

such initiatives are most likely to improve company performance when they are combined into a broad organizational transformation. One theory is that worker participation is most successful when it combines job security, employee involvement, and training, or **SET**.⁴⁸ The SET system has been contrasted with the traditional employment system for nonsupervisory workers in U.S. firms. That system, which is based on narrow job classifications, adversarial relations, and minimal training, is referred to as the **JAM** system.

An extensive case study of a small, nonunion insurance company employing approximately 250 people found that the company was successful in making the transition from a JAM system to an SET system. The changes began in 1984, when 30 employees from three units were combined into a single customer service unit, while 17 job titles were consolidated into one, broadly trained customer service representative job title. The customer service representatives are organized into four teams, each responsible for serving a particular geographic region. Team members cross-train each other to perform all insurance functions, and the company instituted a pay-for-learning pay system to encourage employees to learn all needed skills. As a result, slack time is used for training and problem-solving, and customer satisfaction and efficiency have improved.⁴⁹

Although this life insurance company had a long history of employment security, a new CEO in 1989 felt it was necessary to make a one-time reduction in staff. Approximately 16 percent of the company's employees took early retirement or severance pay or were laid off. However, the company made it clear that this was a one-time event, and recent employee surveys indicate that most employees now view their jobs as secure.

⁴⁶ U.S. Congress, Office of Technology Assessment, *International Competition in Services*, OTA-ITE-328, July, 1987, p. 226.

⁴⁷ Ibid., pp. 288-289.

⁴⁸ C. Brown, M. Reich, and D. Stern, *Skills and Security in Evolving Employment Systems: Observations from Case Studies* (Berkeley, CA: National Center for Research in Vocational Education, November 1991), p. 1.

⁴⁹ C. Brown, M. Reich, and D. Stern, "Becoming a High-Performance Work Organization: The Role of Security, Employee Involvement, and Training," *International Journal of Human Resource Management*, May 1993, p. 27.

These two examples illustrate a now well-established finding that companies must make deep structural changes to successfully involve employees for increased competitiveness.⁵⁰ One change alone, such as broadening the jobs of front-line customer contact workers without giving the workers adequate time for training, increased employment security, and financial

rewards for their increased skills, is difficult to implement and may have little impact. In the Home and Personal Services Division of US WEST, Inc., redesign of customer contact jobs is just one part of a larger transformation which offers the promise of improved customer service and sustainable productivity growth.

50 T. Bailey, "Discretionary Effort and the **Organization of Work**," 1992, op. cit., p. 25.