

# Summary and Policy Options 1

**T**his report describes a successful joint union-management initiative to improve customer service and productivity at U S WEST, Inc. The Home and Personal Services Division of U S WEST, Inc. has formed a partnership with its two unions-the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). By forming this partnership and maintaining wages and benefits, U S WEST, Inc. has adopted a high-productivity, high-skill strategy that differs from the prevailing approach, both in telecommunications and in the service sector of the U.S. economy as a whole.

In this successful partnership a U.S. corporation and the two unions have gone beyond their traditional role of negotiating wages and working conditions in adversarial collective bargaining. The unions have expressed workers' needs and concerns to the company in an ongoing dialogue. Through this dialogue, the company and unions have reached a series of mutual decisions that have protected union members' jobs and reorganized their work in a way that increases worker and customer satisfaction and that benefits the firm.

In its 1992 assessment, *U.S.-Mexico Trade: Pulling Together or Pulling Apart?*<sup>1</sup>, OTA identified several policy options aimed at guiding the U.S. economy along a high-productivity, high-skill path. Following such a path, the U.S. might compete in the international economy on the basis of the skills and flexibility of its workforce. Those policy options were grouped in three areas: 1) policies that would promote skills and technological know-

*"The only way American business is going to be competitive is by having a more skilled workforce and changing the way they organize work to take advantage of those skills and to make workers more productive"*

William Brock  
U.S. Secretary of Labor  
1985-1987

<sup>1</sup> U. S. Congress, Office of Technology Assessment *U. S.-Mexico Trade: Pulling Together or Pulling Apart?* OTA-ITE-545 (Washington, DC: U.S. Government Printing Office, October 1992).

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how; 2) policies that would discourage low-wage strategies; and 3) policies that would foster worker participation and commitment.

This report, *Pulling Together for Productivity: A Union-Management Initiative at US WEST Inc.*, builds on the 1992 assessment. Although the competition faced by U S WEST, Inc. is domestic, rather than international, the company has chosen to respond through a high-wage, high-skill strategy. Because the participation and commitment of workers and their unions has been critical to the success of the Home and Personal Services Division's pursuit of a high-wage, high-skill strategy, this report expands on the participative policy options from the *U.S.-Mexico Trade* study.

PRINCIPAL FINDINGS

- The Home and Personal Services (HPS) Division has increased revenues, reduced costs, eliminated unnecessary work, and improved customer service. Two long-term trends—an increasing amount of uncollectible revenues and lengthening customer waits to talk to customer service representatives—were reversed during 1992 as a result of the partnership, and the positive business results continued in 1993 (see table 1-1).
- The initiative has benefited the workers and their unions. Worker morale and job quality have improved, and jobs and wages have been protected (in one job, wages have increased). Rank-and-file union members are pleased that the union has taken on a new role, increasing communication and cooperation with management. As a result, rank-and-file members are more active in their unions and organizing the few nonsupervisory workers who do not already belong to the unions is easier than in the past (see ch. 4).
- Competition is increasing in residential telephone markets. The resulting pressures on the company and job pressures on the workers led initially to conflict in HPS. After a change in

Table 1-1. Chronology of Events in the Home and Personal Services Division of U S WEST, inc.

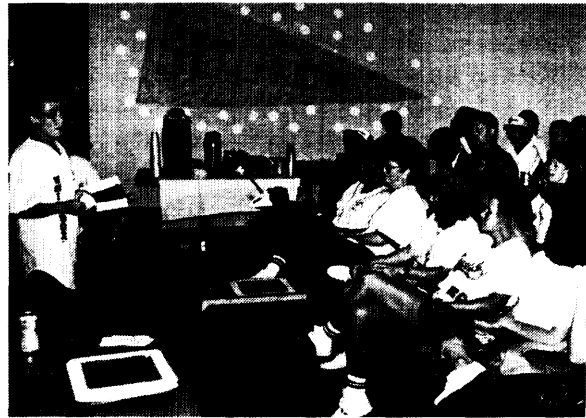
1987	U S WEST Communications created as a single entity out of Mountain Bell, Pacific Northwest Bell, and Northwestern Bell. Home and Personal Services Division (HPS) created to serve residential telephone customers.
1987	HPS divides customer contact work into two jobs—Customer Service Representative and Credit Consultant.
1990	The Communications Workers of America (CWA) holds national marketing conference in Denver. CWA-represented employees of U S WEST, Inc. decide to mobilize against what they called “sweatshop” conditions.
1990	HPS business performance measures deteriorate.
1991	Jane Evans assumes post of Vice President and General Manager of HPS in April. In June, unions present Evans with black balloons as part of mobilization; Evans asks unions to form partnership to change working conditions and improve work processes.
1991	In November, HPS, CWA, and the International Brotherhood of Electrical Workers (IBEW) agree to formal Memorandum of Understanding, protecting workers’ jobs and wages while involving unions and workers in Operation Bunts and Singles.
1992	Joint union-management Bunts and Singles teams and Job Design Team meet frequently. Process changes suggested by Bunts and Singles teams are implemented. Cross-training of Customer Service Representatives and Credit Consultants begins in preparation for implementation of job redesign.
1992	U S WEST Communications and CWA agree to a new, three-year contract in August. Contract calls for joint union-management employee involvement and quality committees at the corporate level and within each business unit.
1992	HPS business performance improves dramatically.
1993	Opening of the Center for Customer Service, a prototype of the Job Design Team’s vision, in downtown Phoenix.
1993	Representatives from U S WEST Communications and CWA, at the invitation of President Clinton, attend a two-day seminar in Chicago on The Future of the American Workplace. Business performance continues to improve.

Source: OTA, 1993.

management in 1991, and discussion within the unions about what roles they should play, the pressures led to a framework agreement for a joint union-management partnership. This partnership has led to creation of about 30 joint

union-management teams which developed and helped implement incremental improvements in work flows. Another joint union-management Job Design Team developed a broader work reorganization. Both the incremental improvements and the broader work reorganization involve a radical departure from the company's earlier efforts to improve quality through narrowly defined measures of workers' performance (see ch. 3).

- Through the joint committees, workers played an active role in improving computer software systems, including those used to check customer credit and to distribute incoming customer telephone calls. With worker input, software has been revised to allow greater worker autonomy and improved customer service, combining the strengths of workers' intellect and intuition with the data-handling capacity of the computers (see ch. 3).
- The union-management partnership may be sustained and expanded if potential conflicts between the company's plans for continued centralization and downsizing and the unions' desire to protect their members' jobs can be resolved. The Home and Personal Services Division has been merged into anew unit, Mass Markets and operations, which includes repair and small business services, along with residential service. The joint union-management Job Design Team in HPS has laid the groundwork for abroad work reorganization that could help Mass Markets and Operations provide greatly improved customer service. This work reorganization is being tested in 1993 at a prototype office in downtown Phoenix (see ch. 4).
- Competition is increasing in many service sector industries, and companies are faced with



*Jane Evans, Vice President and General Manager of the Home and Personal Services Division of U S WEST Communications, meets with front line employees in Salt Lake City, Utah as part of the joint union-management Operation Bunts and Singles.*

a choice of either creating low-skill, low-wage jobs or incorporating advanced technology and increasing the responsibilities of workers. Service companies and unions that are interested in taking a high-skill, high-wage approach may find the successful union-management partnership at U S WEST, Inc. instructive.<sup>2</sup>

- The joint success at U S WEST, Inc. adds to a growing body of research suggesting that, contrary to popular perception, the presence of a union is usually associated with increased productivity. But, when labor-management relationships are poor, unions seem to be associated with neutral or negative effects on productivity.<sup>3</sup> As unions begin to work more closely with managements, they appear to encourage effective types of worker participation initiatives (see ch. 2).
- This case study is one of several examples, including Xerox, Corning, and the Saturn division of General Motors, in which unions

<sup>2</sup>Other service sector firms have had success with this approach. For example, one insurance company that created two kinds of broadly skilled customer contact workers in 1980 found that productivity had doubled four years later, See U.S. Congress, Office of Technology Assessment, op. cit., p. 29.

<sup>3</sup>D. Belman, "Unions, the Quality of Labor Relations, and Firm Performance," in L. Mishel and P. Voos, eds. *Unions and Economic Competitiveness* (Armonk, NY: M.E. Sharpe, 1992), p. 70.

and companies have moved away from their traditional adversarial roles and have instead worked together to increase company profitability and worker employment security. Research on two decades of worker participation efforts suggests that the kind of broad approach taken by these pioneering companies and unions—e. g., combining gainsharing with employment security, extensive training of front-line workers, and eliminating layers of management—has a much greater impact on company profitability than implementing a single form of worker participation (see ch. 2).

- Unionization levels in the U.S. have declined dramatically over the past three decades, and today unions represent only 12.7 percent of private sector workers. Employer opposition is one of the major factors contributing to the decline in unionization. As unions become increasingly involved in effective worker participation initiatives, the declining level of unionization could limit the spread of such initiatives (see ch. 2).
- Unlike their counterparts in other major industrialized nations, the majority of U.S. workers lacks any institution through which they could engage in a dialogue with management to improve productivity and quality. In other nations, workers not only are more likely to be represented by unions, but also have a second channel of communication through works councils. These works councils, made up of worker representatives and managers, are legally mandated and deal with a variety of nonwage issues including work organization, technological change, and training (see ch. 2).
- Because worker involvement may lead to sustained productivity improvement, but so few institutions for worker involvement exist in the U.S. economy, Congress may want to consider strengthening unions and/or creating

works councils as complementary channels for worker voice.

## FEMALE TELECOMMUNICATIONS JOBS

One of the joint union-management teams in the Home and Personal Services Division of U S WEST, Inc. has redesigned the jobs of the predominantly female Customer Service Representatives. Workers in the redesigned jobs will have more autonomy and enhanced skills to provide more extensive customer service. This broader job for mostly female workers runs counter to the prevailing trends in telecommunications and in the service sector as a whole.

Since the late 1960s, almost all of the new jobs in the national economy have been created in the service sector. By 1992, 78 percent of all nonfarm employees, or 85 million workers, were in the service-producing sector.<sup>4</sup> Service industries have been characterized by low productivity growth, low wages, and low levels of unionization over the past two decades. Because it makes up most of the national economy, slow growth in the service sector was a critical factor in the slow long-term productivity growth in the U.S. economy during the 1980s. National productivity growth averaged less than 1 percent per year during the 1980s. Following a brief upturn in the early 1990s, national productivity growth fell slightly in the first quarter of 1993.<sup>5</sup>

Why is productivity growth so important? Because, among other benefits, higher productivity permits employers to offer higher wages. Throughout the 1980s, real wages and productivity stagnated in tandem. In the first quarter of 1993, with no growth in productivity, real hourly compensation, after inflation, decreased slightly.<sup>6</sup>

The telephone industry provides a striking exception to the rule of low pay and low productivity in the service sector (see Box 1-1).

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<sup>4</sup> *Employment and Earnings*, May, 1993, p. 47.

<sup>5</sup> Sylvia Nasar, "Factory Output Up in Quarter," *New York Times*, vol. CXLII, no. 49,324, May 7, 1993, p. D1.

<sup>6</sup> *Ibid.*

### Box 1-1. High Productivity and Shrinking Employment in Telecommunications

The telephone industry differs from other service sector industries in its high capital intensity and its high rate of productivity growth.<sup>1</sup> From 1951 through 1990, telephone communications (Standard Industrial Code (SIC) Number 481 ) experienced average annual productivity growth of 6 percent per year.<sup>2</sup> In contrast, productivity grew at an annual average rate of only 0.1 percent in eating and drinking places between 1958 and 1990 and at 0.5 percent per year in food stores between 1958 and 1990. In 1991, productivity in telephone communications increased by 5.6 percent, while productivity in the total U.S. economy, which is dominated by service-producing industries, grew only about 1 percent.

Productivity increases in the telephone industry reflect both the use of advanced technology and a skilled workforce. Over the past two decades, the introduction of direct dialing and electronic operator systems drastically reduced the need for operators, while the use first of coaxial copper cable and later fiberoptic cable increased the number of calls that could be transmitted over the network.<sup>3</sup> The spread of electronic switching and the increasing use of fiber optic cable have reduced the need for repair and maintenance workers.

Despite increasing productivity, growing demand for telephone services continued to generate new jobs in the industry during the 1970s and early 1980s. However, with saturation of markets, introduction of labor-saving technology, and increasing competition following the breakup of AT&T in 1983, the number of jobs began to shrink. Total employment in telephone communications dropped by nearly 20 percent between January of 1982, when it peaked at 1,082,100, and January of 1992, when it reached 871,400.<sup>4</sup>

If current trends continue, the prospects for future employment, both in the telephone industry and in the larger communications industry of which it is apart, seem bleak. The rapid growth of the cable television industry created a spurt of jobs, increasing from 160,000 in 1975 to 364,000 in 1990, but these gains barely offset the job losses in the much larger telephone communications industry, so that total employment in communications (SIC 48) grew only slightly, from 1,176,000 workers in 1975 to 1,311,100 workers in 1990. In the future, with saturation of cable television markets, the Bureau of Labor Statistics projects slower job growth in radio and television broadcasting and cable television, averaging only 0.9 percent per year. Taken together with projected job losses in non-broadcast communications (most of which is accounted for by the telephone industry), BLS projects that employment will shrink in the communications sector as a whole at an average annual rate of 0.9 percent between 1991 and the year 2005.<sup>5</sup>

<sup>1</sup> McKinsey Global Institute, *Service Sector Productivity* (Washington, DC: McKinsey Global Institute, 1992), p. E-3.

<sup>2</sup> M. W. Cumas, "Productivity in industry and government, 1990" *Monthly Labor Review*, vol. 115, no. 6, June 1992, p. 51.

<sup>3</sup> Because it is so capital-intensive, much of the cost of providing telephone service comes from creating and maintaining the network. About 85 percent of labor costs are spent to lay cable and maintain the network, while only 15 percent of labor costs, including the labor of directory assistance operators, varies with the amount of telephone traffic—McKinsey Global Institute, op. cit., p. 3.

<sup>4</sup> Bureau of Labor Statistics, unpublished data from Series EEU42481001.

<sup>5</sup> M. L. Carey and J. C. Franklin, "Industry output and job growth continues slow into next Century," *Monthly Labor Review*, November 1991, p. 60.

*Continued on nextpage*

### Box 1-1. High Productivity and Shrinking Employment in Telecommunications-Continued

The wild card in future communications employment is the development of an information superhighway, a nationwide telecommunications network that would be capable of transmitting telephone calls, pay-per-view movies, interactive shopping and financial services, video games, computer data, and educational programming to and from homes, businesses, hospitals, and classrooms. If markets develop for this array of new communications services, new jobs would be created. In addition, simply building and maintaining the massive new infrastructure required would generate thousands of jobs.

Creation of an interactive network, with a fiber optic backbone supplemented by wireless systems, high-speed digital switches, and digital compression, is already underway.<sup>6</sup> Computer firms, cable television companies, and telephone companies are forming joint ventures and testing consumer response to such services in limited markets.<sup>7</sup> The Clinton administration has proposed spending approximately \$1 billion on research to support development of a national interactive audio and video network. However, critical issues of competition, costs, interconnectivity, privacy, and ownership of information remain unresolved.

The seven Regional Bell Operating Companies (RBOCs) have proposed investing \$125 billion over the next seven years, increasing to \$450 billion over the following 15 years in the development of a nationwide information superhighway in exchange for freedom from current regulatory restrictions.<sup>8</sup> Those restrictions prevent the Bell companies from offering long-distance services, conducting research and development, manufacturing equipment, and from offering cable television programming within their service areas. Cable television companies, long-distance phone companies, and publishing firms oppose lifting the restrictions, arguing that it would allow the RBOCs to create new, multimedia monopolies. However, the Communications Workers of America and the RBOCs point to a study they commissioned which suggests that the companies would create about 1.68 million jobs—more than the total currently employed in the communications sector—if the restrictions were lifted.

Inconsidering this proposal, it is important to note that not all of the 1.58 million jobs would be new. Some might otherwise be created by the long-distance or cable television companies. However, there is little doubt that, if the RBOCs made massive new investments in a nationwide interactive information network, they would create a large number of new jobs, possibly providing new employment for surplus telephone industry workers.

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<sup>6</sup> Under the High-Performance Computing Act of 1991, PL 102-194, Federal funds are being used to upgrade existing Federal computer networks to broadband capability as part of the envisioned national network. See U.S. Congress, Office of Technology Assessment, *Advanced Network Technology—Background Paper*, OTA-BP-TCT-101 (Washington, DC: U.S. Government Printing Office, June 1993).

<sup>7</sup> For example, AT&T recently announced a trial with Viacom, the nation's 12th-largest cable television system, testing video-on-demand in northern California. AT&T is also a partner with U S WEST, Inc. and Tele-Communications, Inc., in a Denver test evaluating consumer response to a 24-channel pay-per-view video service. C. Skrzycki, "AT&T Plans Joint Test of Video System," *Washington Post*, June 2, 1993, p. F-1.

<sup>8</sup> "Bell Companies Tell Gore Government Policy Changes Would Allow \$100 Billion Increase in 'Infrastructure' Spending," unpublished press release from the Communications Workers of America April 15, 1993.

High productivity growth, averaging 6 percent per year from 1951 through 1990, combined with the bargaining power of unions, led to a median nonsupervisory wage of \$505 per week in 1990, about twice the \$250 median wage of nonsupervisory workers in other private service industries.<sup>7</sup> However, the differential between wages in telecommunications and other service sector industries are especially sharp in predominantly female occupations, such as customer contact employees in the Home and Personal Services Division of US WEST, Inc., over 80 percent of whom are female.<sup>8</sup>

Studies by the National Academy of Sciences and the Census Bureau have shown that as the percentage of females in an occupation increases, average wages decrease, even in occupations that are staffed by college graduates.<sup>9</sup> In the unionized telephone industry, such pay differentials have been minimized.<sup>10</sup> As a result, in 1990, nonsupervisory women employed in the telephone industry earned close to the median weekly wage of all full-time male workers in the economy (\$462 per week, compared with \$485 per week), and earned twice the median weekly earnings of all nonsupervisory women workers (\$220 per week) in the service sector.<sup>11</sup> Thus, telecommunications jobs, especially those which are primarily staffed by females, can be seen as an island of high-productivity, high-wage work in a sea of low-productivity, low-skill service-sector jobs.

In the growing nonunion part of the telephone industry, a trend appears to be emerging. Companies have simplified and eliminated skilled technical jobs held mostly by males, while wages in the remaining jobs, held mostly by minority males and women, decline.<sup>12</sup> This pattern is similar to that in the service sector of the U.S. economy as a whole. Service-sector firms are increasingly relying on part-time and contingent workers. Internal job ladders in service companies such as retail stores, banks, and telephone companies have been dismantled, and the work of those at the bottom (often primarily female) has been simplified.<sup>13</sup>

Although they are currently highly paid, female-dominated jobs in the telecommunications industry may not remain so. Increased competition in the industry—the same force that led to the successful partnership at U S WEST, Inc.—has led to a decline in unionization. Competitors in local and long-distance telephone markets can offer lower cost services both because they use simpler, less expensive technology, and because they are mostly nonunion, with lower labor costs. Faced with such competition, AT&T and the Regional Bell Operating Companies (RBOCs) have reduced union jobs and created new, nonunion subsidiaries. Taken together, the growth of nonunion firms and the growth of nonunion subsidiaries in the regulated telephone industry

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<sup>7</sup> R. Spalter-Roti and H. Hartmann, *Women In Telecommunications: Exception to the Rule of Low Pay for Women's Work* (Washington DC: Institute for Women's Policy Research 1992), p. 3.

<sup>8</sup> Information provided by T. Huerter, U S WEST Communications, July 14, 1993. Nationally, about three-quarters of Customer Service Representatives are female.

<sup>9</sup> D. J. Treirnan and H. I. Hartman eds., *Women, Work, and Wages: Equal Pay for Jobs of Equal Value* (Washington, DC: National Academy Press, 1981); Bureau of the Census, U.S. Department of Commerce, *Money Income of Households, Families, and Persons in the United States: 1987*, Current Population Reports, Consumer Income, Series P-60, No. 162, February 1989.

<sup>10</sup> The pay differentials have not been eliminated; the 1990 wage for female workers was only 74.3 percent of the \$622 median weekly wage of nonsupervisory male telecommunications workers.

<sup>11</sup> Spalter-Roth and Hartmann, *op. cit.*, p. 18.

<sup>12</sup> Spalter-Roth and Hartmann, *op. cit.*, p. 18.

<sup>13</sup> U.S. Congress, Office of Technology Assessment, *International Competition in Services*, OTA-ITE-328 (Washington, DC: U.S. Government Printing Office, July 1987), pp. 227, 286.

have caused the unionized share of the telecommunications workforce to shrink (see ch. 2).

In the future, if union strength continues to decline, female-dominated telecommunications jobs could become more like female-dominated jobs in other service industries, requiring few skills and paying low wages.<sup>14</sup> However, the success at U S WEST, Inc. points to a more positive alternative for the future. In the Home and Personal Services Division of U S WEST, Inc., CWA and IBEW moved beyond simply opposing wage differentials based on the gender composition of occupations to actively working with the company to increase the skills and, potentially, the wages of female-dominated jobs. If other unions and companies took a similar approach, broadening the responsibilities and skills of front-line workers, the productivity and wages of predominantly female, service sector occupations might increase.

## POLICY ISSUES AND OPTIONS

In the current and upcoming legislative sessions, Congress may be considering a variety of legislative proposals to involve workers in technology and competitiveness. Faced with growing competitive pressures, companies are seeking ways to involve workers in increasing productivity and quality. At the same time, the pressures on workers and unions are leading many unions to find ways to work with companies. And, some labor relations experts believe that our current system of labor law, grounded in the National Labor Relations Act of 1935 and developed for large-scale manufacturing enterprises, no longer meets the needs of a national economy where small firms and the service sector are increasingly important.<sup>15</sup>

Policy options that might address these issues can be grouped into three broad categories: A. Options to promote worker involvement in development and deployment of technology; B. Options to strengthen support for labor-management cooperation; and C. Options to expand worker voice (see Table 1-2). Policy options in the third group that were included in OTA's previous report, *U.S.-Mexico Trade: Pulling Together or Pulling Apart*<sup>16</sup> are noted with an asterisk.\*).

### Issue Area A: Promoting Worker Involvement in Development and Deployment of Technology

Congress may want to consider options to involve workers in the development and deployment of advanced technology. These technology-focused options, in combination with the options to strengthen worker representative institutions (Issue Areas B and C), could help create a new synergy between workers and technology to enhance competitiveness.

At US WEST, Inc., despite the increasingly cooperative labor-management relationship, there was very little worker or union input to the deployment of new technology until quite recently. With union involvement, computer systems have been improved. For example, the joint union-management Job Design Team designed an interactive call distribution system, now being tested, which allows workers to provide the types of customer service they are most capable of providing. This new system promises to better balance the flow of incoming customer calls, while increasing both customer and worker satisfaction (see ch. 4). However, in most companies there are few avenues for worker participation in

<sup>14</sup> For example, in the finance, insurance, and real estate industries, where 85 percent of the nonsupervisory workforce is female, average hourly earnings in April of 1993 were only \$11.21 per hour, compared with average hourly earnings of \$15.45 for telephone industry workers—*Employment and Earnings*, vol. 40, no. 7, July, 1993, pp. 143, 145.

<sup>15</sup> For example, see "Trade Unionism and Industrial Relations," by Thomas Kochan in *Industrial Relations Research Association Dialogues*, vol. 1, issue 1, May 1993, p. 1.

<sup>16</sup> U.S. Congress, Office of Technology Assessment, *U.S. -Mexico Trade*, op. cit., pp. 43-46.



Table 1-2. Summary of Policy Options

This table includes policy options that appeared in OTA'S previous report, *U. S.-Mexico Trade: Pulling Together or Pulling Apart?* They are noted with an asterisk (\*).

Options	Advantages	Disadvantages
<b>Issue Area A: Promoting Worker Involvement In Development and Deployment of Technology</b>		
1. <i>Adopt the National Competitiveness Act of 1993 (S. 4/H.R. 820) as amended to involve workers.</i>	Involving workers may increase the benefits of technology.	Workers may lack expertise; worker input could slow technology deployment.
2. <i>Adopt the Workers Technology Skills Development Act (S. 1020).</i>	Increases workers expertise, encourages their cooperation in technology deployment.	Workers/unions may not want to cooperate with companies. Could provide unfair advantage to companies whose workers or unions receive expertise.
3. <i>Extend Federal technology and work reorganization assistance, with worker involvement, to the service sector.</i>	Could improve productivity in services.	Size of service sector makes outreach costly, difficult.
<b>Issue Area B: Strengthening Support for Labor-Management Cooperation</b>		
4. <i>Increase funding for the Federal Mediation and Conciliation Service (FMCS) grants program, authorized in the Labor-Management Cooperation Act of 1974 (P.L. 93-524), and for the FMCS Preventive Mediation program.</i>	Supports joint union-management committees at the workplace, area, and industry level and encourages their creation where they do not already exist.	Helps only a few, unionized, firms.
<b>Issue Area C: Expanding Worker "Voice" for Increased Productivity</b>		
5. <i>Establish Employee Participation Committees, where elected representatives would consult with the employers on training, technology deployment, productivity improvement, and employment security.*</i>	Creates voice channels for workers not represented by unions.	Unions and employers might oppose.
6. <i>Establish multi-employer Employee Participation Committees in small firms and the service sector.*</i>	Improves job security and mobility ladders for workers, while making it easier for firms to locate qualified workers.	Linking employers may be difficult.
7. <i>Extend union representation.*</i>	Expands channels for communication with management and helps assure workers that their interests will be protected if they participate in productivity improvement programs.	Wages and/or job protections won by unions could reduce domestic and international competitiveness of U.S.-based firms.
7a. <i>Make discharge for union activity subject to damage awards.*</i>	Places rights to representation on a par with other employment rights.	Could lead to costly litigation.
7b. <i>"Instant" certification elections.*</i>	Reduces scope for confrontational campaign tactics.	Some employers would object.
7c. <i>Permit supervisors to form their own independent unions.*</i>	Encourages supervisors to act as middlemen and team builders rather than overseers.	Higher-level managers might oppose losing authority over supervisors.
7d. <i>Foster "network unions" of workers in vertically or horizontally linked firms.*</i>	Discourages suppliers from competing with one another by cutting wages. Promotes cooperation among workers in companies that do business with one another.	Shifting relationships among firms could make it difficult to define network unions. Use of "secondary pressure" could be a blunt instrument for cementing relationships.
8. <i>Increase labor-management dialogue by expanding the list of "mandatory" subjects of bargaining in the National Labor Relations Act.</i>	Encourages employers and unions to discuss a broader range of business issues, possibly leading to increased productivity.	Both unions and employers might oppose being required to negotiate over a broader range of issues.

\*For more discussion of these options see U.S. Congress, Office of Technology Assessment, *U. S.-Mexico Trade: pulling Together or Pulling Apart?*, OTA-ITE-545 (Washington, DC: U.S. Government Printing Office, October 1992), pp. 43-46.

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decisions about the development and deployment of technology.

*Option 1: Adopt the National Competitiveness Act of 1993 as amended to involve workers.*

**State** and Federal roles in assisting small and medium-sized manufacturing firms with new technology have expanded over the past 10 years. The National Competitiveness Act of 1993 (S. 4, H.R. 820) would expand the programs of the Technology Administration and its National Institute of Standards and Technology (NIST) within the Department of Commerce. Bills that have passed the House of Representatives (H.R. 820) and been approved by the Senate Commerce Committee (S. 4), would increase Federal funding for development of new technology and for a nationwide manufacturing extension system, linking State and Federal industrial extension services. These bills would also provide \$240 million during FY 1994-1995 to support development of information infrastructure, such as the information highway discussed in box 1-1.

Recent amendments to S. 4 would direct these Federal efforts toward better integration of hardware and worker skills. For example, the bill calls for creation of a new Advanced Manufacturing Technology Development Program directed by the Commerce Department that will support “technologies that build on and expand the skill and experience of production workers.” The amendments also call for inclusion of worker representatives and labor unions on advisory boards overseeing Federal technology programs.

Although including worker and labor representatives in decisions about new technology could be time-consuming, and although workers may lack the expertise to make optimal technology discussions, the amendments to S. 4 might improve technology deployment when viewed over a longer time horizon. The amendments

require work organization to be an explicit subject of extension work. Until recently, State and Federal industrial extension programs focused primarily on hardware, and were poorly linked to other State programs aimed at helping companies train workers and reorganize work for increased productivity.<sup>17</sup> This provision of the bill will **help** encourage Federal and State extension programs to take a holistic approach to company competitiveness. State extension programs that have involved front-line workers in developing plans for introduction of new technology, such as the Center for Applied Technology in Massachusetts, have found that the approach benefits workers as well as increasing company competitiveness.<sup>18</sup>

*Option 2: Adopt the Workers Technology Skill Development Act of 1993.*

A bipartisan bill (S. 1020) under consideration by the Senate Labor and Human Resources Committee in September 1993 would attempt to address some of the potential drawbacks of greater worker and/or union involvement in technology development and deployment. This drawback is the unwillingness of some workers and unions to cooperate with employers on implementation of new technology, and the lack of expertise they may bring to complex decisions aimed at integrating hardware, software, and human skills and abilities. Although large unions like CWA and IBEW can organize themselves to cooperate with management in a mutually beneficial way, and a large firm like U S WEST, Inc. can provide its unions and workers with the information needed to improve technology, smaller companies, local unions, and unorganized workers often need technical assistance. S. 1020 would provide funds to educational institutions, labor unions, worker organizations, and nonprofit groups to educate their members about new forms of work organization and the selection and

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<sup>17</sup> U.S. Congress, Office of Technology Assessment, *Worker Training: Competing in the New International Economy*, OTA-ITE-457 (Washington DC: U.S. Government Printing Office, September 1990), p. 148.

<sup>18</sup> Ibid.

implementation of new technologies. This educational process might encourage unions to become less adversarial and to see the benefits of collaborating with firms. The funds would also be used to link grant recipients with State and Federal manufacturing extension services. One potential drawback of such a program is that it would provide funds to only a few worker and educational organizations, who would, in turn, help only a few companies. This might place workers and companies who had not received the technical assistance at an unfair disadvantage. Nevertheless, enactment of this bill, which complements S. 4, might help to demonstrate the role of worker participation in improving company competitiveness. Such demonstrations could, in turn, encourage similar efforts with private funding.

*Option 3: Extend Federal technology and work organization assistance to the service sector.*

Federal and State technology and training assistance have been focused primarily on the manufacturing sector. However, as noted earlier in this chapter, service sector firms provide most Americans with their jobs today. Wages, career ladders, and employment security in the service sector are generally lower than in manufacturing. Companies are generally smaller, making it difficult for individual service firms to invest in new technology, enhanced training and work reorganization.

Congress may want to consider expanding Federal technology and training assistance programs to the service sector. Such programs could have a major impact on job quality, because the quality of many jobs in the services is now so poor. The drawback, however, is the high cost of assisting the vast number of service sector firms. In the much smaller manufacturing sector, extension programs to reach 7 percent of the Nation's small and medium-sized manufacturing firms

could cost about \$500 million initially.<sup>19</sup> The service sector employs about four times as many workers, so that the cost of reaching firms in this sector might be about \$2.0 billion; moreover, given the small size of service firms, it might be even greater. Given current Federal budget realities, a program aimed at the service sector might be too expensive.

### **Issue Area B: Strengthening Support for Labor-Management Cooperation**

*Option 4: Increase Funding for the Federal Mediation and Conciliation Service (FMCS) Grants Program and for its Preventive Mediation Program.*

Congress created FMCS as an independent agency in the Labor Management Relations Act of 1947, with the mandate to use mediation and other forms of dispute resolution to promote peace between organized labor and management. Almost since its inception, FMCS has operated a Preventive Mediation Program. In this program, FMCS mediators help labor and management resolve difficult issues, improve communications and establish ongoing labor-management committees to deal with a variety of issues.

In 1978, as part of amendments to the Comprehensive Employment and Training Act, Congress approved the Labor-Management Cooperation Act of 1978 (Public Law 95-524). The Act created a grants program aimed at improving communication between labor and management in unionized companies and helping them develop joint approaches to increased organizational effectiveness. Congress chose FMCS to implement this grants program because of the agency's success in creating cooperative committees in the Preventive Mediation program.

Although Congress authorized \$10 million for the grants program, it has never been fully funded. Throughout most of the 1980s, Congress appro-

<sup>19</sup> U.S. Congress, Office of Technology Assessment, U. S.-Mexico Trade, op. cit., p. 37; See also U.S. Congress, Office of Technology Assessment, *Competing Economies: America, Europe, and the Pacific Rim*, OTA-ITE-498 (Washington, DC: U.S. Government Printing Office, 1991), p. 18.

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appropriated about \$1 million annually for the program.<sup>20</sup> In 1992, following the Bush administration's budget proposal, Congress appropriated no funds, but in fiscal year 1993, funding at a level of \$750,000 was restored.

Despite its limited funding, this small program has been quite successful in encouraging sustained labor-management cooperation among grantees. An internal study by FMCS in 1987 found that, on the critical measure of whether cooperative efforts continue once Federal funds are gone, the program has succeeded: 75 percent of worksite labor-management committees funded by FMCS were still operational. A more recent telephone survey found that, of the 115 grantees funded between FY 1981 and FY 1989, 90 continued to exist.<sup>21</sup>

The impact of these small grants can be seen in the current initiative at US WEST, Inc. In 1985, a new group of internal union and management "Organizational Change Consultants" at what was then Pacific Northwest Bell (now a part of U S WEST, Inc.) received a \$50,000 grant to support their work. This Federal support helped the consultants form joint committees which developed new training techniques and broader jobs for installation and maintenance technicians, translating into increased sales for the company and increased job security for union members. These early successes, in turn, encouraged the union and management to sustain and develop the group. This same group, now called Joint Venture Associates, provided the union consultant who has played a critical role in the current initiatives in the Home and Personal Services Division (see ch. 3).

Congress may want to consider increasing funding, perhaps up to the originally authorized level of \$10 million annually, for the grants program. In addition, Congress may want to increase funding for the preventive mediation

program. Currently, there are 204 mediators located throughout the Nation, many of whom spend their time on preventive mediation activities. With additional training as facilitators to aid organizational change, they could form the core of an expanded network of facilitators, modelled on agricultural extension agents, who would help companies reorganize work and increase productivity through labor-management cooperation. These extension facilitators could provide support to State and Federal industrial extension services if Congress chooses to expand the mission of industrial extension services to encompass work reorganization, as called for in the amendments to S. 4 (see Option 1 above).

### Issue Area C: Expanding Worker Voice for Increased Productivity

Several factors point to the potential benefits of strengthening institutions through which workers can communicate with management (see ch 2). Labor unions, which represented 31 percent of privately-employed U.S. workers in 1970, represented less than 13 percent of private sector workers in 1992. At the same time, pioneering unions and companies, including CWA, IBEW, and U S WEST, Inc., are increasingly demonstrating that it is possible to move beyond traditional adversarial labor-management relations and to improve company productivity and workers' employment security through cooperation. Recent research suggests that unions are generally associated with higher productivity when labor-management relations are good. Given these factors, as well as the possibility of encouraging labor-management cooperation through the policy options outlined in issue areas A and B above, Congress may want to consider options to strengthen existing institutions representing U.S. workers (i.e., labor unions) and to foster new institutions for worker representation.

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<sup>20</sup> *Federal Mediation and Conciliation Service Grants Program: FY 1981-FY 1989* (Washington, DC: FMCS, 1992), p. 4.

<sup>21</sup> M.L. Hilton, "Union and Management: A Strong Case for Cooperation" *Training and Development Journal*, vol. 41, no. 1, January 1987, pp. 54-55.

While some observers note that the lack of independent institutions representing workers constitutes a growing “representation gap,”<sup>22</sup> two decisions by the National Labor Relations Board have made the status of employer-initiated worker participation institutions uncertain. In one case, the NLRB ruled that employer-initiated union-management committees were illegal because the committees were created to avert a union organizing drive<sup>23</sup>, and, in the second case, because the union was not involved in the creation of the committees.<sup>24</sup> These NLRB decisions are rooted in the National Labor Relations Act, which made employer-sponsored unions, prevalent in the 1920s and 1930s as employers sought to avoid union organizing drives, illegal.

To examine alternatives for involving workers in increasing national competitiveness, and because of the legal uncertainties arising from the NLRB decisions, the U.S. Departments of Labor and Commerce have created a Commission on the Future of Worker-Management Relations. The 10-member commission, chaired by former Secretary of Labor (under President Gerald Ford) John Dunlop, was commissioned in March of 1993, and is to report back to the Secretaries of Commerce and Labor by May 1994. Its mission is to address the following three questions:

1. What (if any) new methods or institutions should be encouraged, or required, to enhance

workplace productivity through labor-management cooperation and employee participation?

2. What (if any) changes should be made in the present legal framework and practices of collective bargaining to enhance cooperative behavior, improve productivity, and reduce conflict and delay?

3. What (if anything) should be done to increase the extent to which workplace problems are directly resolved by the parties themselves, rather than through recourse to state and Federal courts and government regulatory bodies?<sup>25</sup>

To fill the U.S. representation gap, Congress may want to consider a number of policy options, which the Commission may also study. These include creating a new mechanism for worker voice-employee participation committees and strengthening the existing worker representation institution-labor unions. (Options 5 through 7 below are drawn from *U.S.-Mexico Trade: Pulling Together or Pulling Apart?*)

#### *Option 5: Create Employee Participation Committees.*<sup>26</sup>

In a recent report, OTA found that no more than 10 to 15 percent of U.S. firms had made a serious commitment to worker participation.<sup>27</sup> And, even in these firms, employer-sponsored joint committees sometimes are short-lived. In nonunion firms, and in firms where unions are left out of worker participation processes, workers may not

<sup>22</sup> The term was coined by P.C. Weiler, *Governing the Workplace: The Future of Labor and Employment Law* (Cambridge, MA: Harvard University Press, 1990).

<sup>23</sup> 309 NLRB NO. 139, Dec. 16, 1992.

<sup>24</sup> In June 1993, the NLRB ruled that six safety committees and one fitness committee created by the DuPont company were illegal because they were dominated by management and dealt with issues that should have been the subject of bargaining with the union. Frank Swoboda, “DuPont Must Disband Workplace Committees,” *The Washington Post, Business*, Tuesday, June 8, 1993, p. D1. In December 1992, the NLRB ruled that Electromation, Inc., a nonunion firm in Indiana, had violated federal labor law by creating five action committees to discuss absenteeism no-smoking policy, communication network, pay progression, and attendance bonuses. Richard N. Block, “Employee Participation Plans and the NLRA: Toward Making (Some) Sense from Electromation,” in *Industrial Relations Research Association Dialogues*, op. cit., p. 1.

<sup>25</sup> “Commission on the Future of Worker/Management Relations Mission Statement,” (unpublished document from the U.S. Department of Labor).

<sup>26</sup> See U.S. Congress, Office of Technology Assessment, *U.S.-Mexico Trade*, op. cit., pp. 43-44 for further discussion of this option.

<sup>27</sup> U.S. Congress, Office of Technology Assessment *U.S.-Mexico Trade*, Op. cit., p. 43.

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feel free to express their ideas within a management-initiated committee. Another problem is that worker participation processes are often aimed at improving productivity. Lacking employment security, workers may be unwilling to contribute to improved work processes that could put them out of a job.

To encourage more firms to involve their workers, Congress might call for creation of Employee Participation Committees (EPCS). These entities would be somewhat similar to works councils, which exist in most industrialized European countries (see ch. 2). There, workers in an individual plant or firm elect representatives to the legislatively mandated works councils.

In the U. S., EPCS might be given specific consultation rights on business matters that affect workers—such as training plans, design and implementation of technology, company investment decisions, and plant and office locations. These business decisions, which have a profound effect on workers' wages and employment security, are not usually subject to negotiation with unions during collective bargaining (see option 9 below).

EPC representatives at each workplace could be elected by vote of all employees (excluding top managers). In unionized companies, union representatives might serve as EPC representatives. In a multi-establishment firm, a company wide EPC could be established, and workers could elect representatives to this larger council on a plant-by-plant basis or on a proportional basis from major occupational groups. Elected representatives to the EPC would need time off the job and the financial resources to be effective.

The EPCS discussed in this option would be consultative. In Europe, both the scope of works activities and the depth of their power varies.

Where there are strong unions, as in Germany, works councils are forbidden to strike or bargain over wages. Where there are neither strong unions nor other governmental structures to promote uniform wages within industry sectors, works councils powers are more like those of unions. For example, in Spain, works councils have the right to collectively bargain and to strike.<sup>28</sup>

In all European countries, works councils have rights to consultation on matters such as major new investment plans, acquisition and product market strategies, work organization, use of technology, and personnel issues. However, in countries with strong labor unions, works councils enjoy deeper powers of co-determination. This means that the councils must agree to changes in wage-setting policies, allocation of working hours, leave and vacation plans, and other matters. Countries that give works councils co-determination rights also provide mechanisms for peacefully resolving disputes. These include assignment of the dispute to special joint grievance committees, to an outside arbitrator, or to a labor court.<sup>29</sup>

If Congress did choose to encourage or create EPCS, the law would have to be carefully drafted in a way that would not require employers to create "employer-dominated worker organizations," which are illegal under the National Labor Relations Act. For example, the law could be written to stipulate that, if a minimum percentage of workers (perhaps 20 percent) in a single workplace wanted to create an EPC, they could petition the NLRB, which would hold an election for worker representatives to the council.<sup>30</sup> In that case, EPCs would only exist in firms with strong grass-roots demand for a council. Alternatively, if the law were written to require creation of EPCS at all companies with more than, say, 25 workers,

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28 J. Rogers and W. Streeck, "Workplace Representation Overseas: The Works Councils story," paper presented at Working Under Different Rules Conference, Dirksen Senate Office Building, Washington DC, May 7, 1993, pp. 3-4.

29 Ibid.

30 J. R. Bellace, "Mandating Employee Information and Consultation Rights," in J. F. Burton, ed., *Industrial Relations Research Association Series: Proceedings of the Forty-Third Annual Meeting*, (Madison, WI: Industrial Relations Research Association, 1993), p. 141.

it would be a mandate to employers and workers, and both parties would have to staff the new entities.

U.S. employers would probably oppose creation of **EPCs** as an intrusion on their right to manage the business. European employers routinely resisted legislatively mandated works councils, at least initially. However, once employers there began to accept the works councils, the councils helped to build increased trust between employers and workers. The works councils also increased information flows within the firm, and helped to diffuse advanced technologies and new forms of work organization. Works councils in Europe also help administer government regulations, such as those governing workplace health and safety.<sup>31</sup>

U.S. workers and unions might also oppose creation of **EPCs**. A recent analysis of **BLS** data confirms the anecdotal evidence of layoffs and declining job security for U.S. workers during the 1980s.<sup>32</sup> Fears that discussions in the **EPCs** might lead to productivity improvements that eliminated their jobs might prevent many workers from participating actively in works councils. Improved adjustment programs for displaced workers<sup>33</sup> might help to overcome such fears. Unions, too, might oppose **EPCs**, viewing them as a threat to organized labor because they would provide an alternative form of worker voice. However, the rise of works councils in Europe does not appear to have contributed to the decline in unionization in Spain and France, while works councils in Germany and Italy appear to have increased union membership.<sup>34</sup>

*Option 6: Create multi-employer Employee Participation Committees in small firms and the service sector.*<sup>35</sup>

Institutions for worker representation could fill an important role in small firms and in the service sector of the economy. As noted above, wages are low and upward career mobility is limited in much of the service sector. Because individual firms are so small, investments in recruiting and training workers and work reorganization are difficult to make. At the same time, worker turnover is high, and employers often have trouble finding qualified workers.

As discussed above, unionization is very low in the service sector. One reason is that the traditional process to recognize a union—the election—is too slow in high-turnover service sector firms. One option to increase worker voice while improving worker training and encouraging work reorganization in services would be to create multi-employer, geographically-based Employee Participation Committees (**EPCS**).

Multi-employer **EPCs** would differ from single firm works councils because they would involve workers in promoting cooperative efforts across firms rather than helping a single firm compete. They could help link firms both vertically (between large companies and their suppliers) and horizontally (between small firms in the same industry), and could encourage the formation of industry and trade associations.

Such linkages of both workers and firms would allow firms to share the costs of greater investments in training, technology deployment, and work reorganization. At the same time, they could

<sup>31</sup> Japan mandates worker health and safety committees within plants to perform a similar function. J. Rogers and W. Streeck, "Workplace Representation Overseas: The Works Councils Story," paper presented at Working Under Different Rules conference, May 7, 1993, Washington DC, p. 14.

<sup>32</sup> K. Swinnerton and H. Wial, "IS Job Stability Declining in the U.S. Economy?" unpublished paper, July 1993, p. 1.

<sup>33</sup> Policy options for a comprehensive worker adjustment program are outlined in *U.S.-Mexico Trade*, op. cit., p. 33. See also U.S. Congress, Office of Technology Assessment, *After the Cold War: Living with Lower Defense Spending*, OTA-ITE-524 (Washington DC: U.S. Government printing Office, 1992), pp. 41-46.

<sup>34</sup> Rogers and Streeck, 1993, op. cit., p. 48.

<sup>35</sup> See U.S. Congress, Office of Technology Assessment, *U.S.- Mexico Trade*, op. cit., pp. 46-47 for further discussion of this option.

provide workers with upward mobility across firms to help overcome the limited availability of internal job ladders within service sector firms. A model for this exists in the unionized construction industry, where collective bargaining contracts set aside a portion of negotiated wages for apprenticeship and journeyman training. Contractor associations and unions jointly manage these negotiated training programs, which provide skilled workers to all participating firms.

Multi-employer EPCs<sup>36</sup> might be based on broad occupational groupings, such as retail food service workers, custodial workers, and clerical workers. The NLRB could supervise elections to the EPCS from all establishments in a local area. Alternatively, the EPCS could be worker-initiated; if a certain fraction (say, 10 percent) of employees within a broad occupational group requested formation of an EPC within their geographical area, the NLRB would supervise an election of representatives.

U.S. employers would probably oppose creation of multi-employer works councils. Small firms and service sector firms in the U.S. typically operate quite independently of each other. Many owners of small firms choose not to join trade or industry associations, and might not see any benefit from linking their workers with workers in related firms. Unions might also oppose multi-employer EPCS for the same reason that they would oppose single-employer EPCs—because they would provide an alternative vehicle for worker voice.

#### *Option 7: Extend union representation.*

Although consultative EPCS would extend and help institutionalize worker voice and participative management, they would not perform the functions of independent labor unions. For exam-

ple, works councils in Germany are part of a mandated system of co-determination which involves unions as partners with companies at all levels, from the worksite to the board of directors. There, works councils support collective bargaining between companies and unions by relieving the bargaining process of tasks to which it is not well suited.<sup>37</sup> Similarly, in the U. S., collective bargaining in the auto, steel, and telecommunications industries has led to creation of ongoing joint union-management institutions which deal with worker training, occupational health and safety, employee involvement, and other issues. However, like the German works councils, these institutions are seen as an adjunct to, rather than a substitute for, traditional labor unions.

Reaffirming the Wagner Act's protection of workers' rights to organize and bargain collectively could encourage unions to work more closely with firms in increasing productivity. Today, many union leaders and rank-and-file members are reluctant to participate in productivity-increasing joint activities because of the fear that such activities will reduce the number of union jobs. Currently, the law and its implementation make organizing new members very difficult (see ch. 2). If unions saw that the law and its enforcement made it possible to organize new members in new companies and industries, they might be more willing to work with firms, even if one result might be downsizing. If Congress chose to reaffirm the Wagner Act, it could do so in a variety of ways.

#### *Option 7a: Make discharge for union activity subject to damage awards .38*

At present, the only remedies available to workers fired for pro-union activity during a certification campaign are reinstatement and back

<sup>36</sup> This paragraph is drawn from Howard Wial, "The Emerging Organizational Structure of Unionism in Low-Wage Services," forthcoming in *Rutgers Law Review*, vol. 45, no. 4, Summer 1993.

<sup>37</sup> J. Rogers and W. Streeck, "Workplace Representation Overseas: The Works Councils Story," paper presented at Working Under Different Rules conference, Washington DC, May 7, 1993, p. 5.

<sup>38</sup> See U.S. Congress, Office of Technology Assessment *U.S. -Mexico Trade, Op. cit.*, pp. 45 for further discussion of this option.



pay. Discharged workers have no right to sue for damages because of the loss of a house or car, nor can they collect punitive damages. This is in contrast to the steady broadening of employees' legal rights to sue in cases of wrongful dismissal and in other cases, such as employment discrimination, violation of the right to privacy, and age discrimination. This option, which would increase the penalties for labor law violations, might prevent the use of discharge to deter workers from forming unions.

*Option 7b: Instant elections.*<sup>39</sup>

Holding union certification elections shortly after unions filed petitions—perhaps within five days, as in British Columbia and Nova Scotia—would reaffirm the right to organize. In considering this option, Congress would have to decide whether employers should continue to have a central role in workers' decisions to form an independent union. If employers felt that their constitutional rights to free speech to employees had been violated, they might be allowed to request the NLRB to delay counting the ballots while their charges are being investigated. Such delays in counting of the ballots would not have the negative impact on union attempts to organize that current delays do.

*Option 7c: Extend the protections of the NLRA to supervisors* .40

In participative workplaces, such as the Home and Personal Services Division of U S WEST, Inc., the supervisor's role undergoes a dramatic shift. Instead of sergeants on the company's side in an adversarial setting, first-line supervisors act as team builders, facilitators for problem-solving, and skills development. But, if supervisors are part of management, they can be forced to implement negative policies that discourage worker cooperation. Allowing supervisors to form their

own, independent bargaining units would insulate them from higher management and might encourage the transition to more participative organizational practices.

At U S WEST, Inc., both higher-level management and unionists agree that first-line supervisors need to play a bigger role in the growing number of joint initiatives. Management and unionists are working well together, but supervisors are often left out. They are expected to adopt their new, cooperative role, but are given little guidance and support. If they had their own union, they might be more naturally drawn into the cooperative process of work reorganization.

*Option 7d: Foster network unions of workers in horizontally and vertically linked firms.*<sup>41</sup>

The telephone industry is becoming part of a larger, predominantly nonunion, communications industry. While this trend holds the promise of increasing communications among, and the productivity of, companies, people, schools, and hospitals throughout the Nation, its impacts on workers are uncertain. To give employees of the rapidly developing interactive media industry as well as employees in other industry sectors, such as those comprised of many small supplier firms, more representation and more security, Congress could encourage the formation of network unions. As tighter relationships between telephone, cable television, and computer companies blur their separation, worker representation might also become more unified.

One way to promote this would be to permit unions and firms to sign contracts that would bar joint ventures with, or investments in, companies that refuse to stay neutral in union certification campaigns. For example, the cable television industry, which is involved in several joint ventures with unionized telephone companies, has opposed union organizing attempts.

<sup>39</sup> See U.S. Congress, Office of Technology Assessment, U.S. -Mexico Trade, op. cit., pp. 45-46 for further discussion of this option.

<sup>40</sup> See U.S. Congress, Office of Technology Assessment, U.S. -Mexico Trade, op. cit., p. 46 for further discussion of this option.

<sup>41</sup> See U.S. Congress, Office of Technology Assessment U.S. -Mexico Trade, op. Cit., p. 46 for further discussion of this option.

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At present, labor-management contracts that would prevent such joint ventures are illegal under Section 8(e) of the Taft-Hartley amendments. The only exception under this law is a clause that permits a union and an employer in the construction industry to agree that the employer will “cease doing business with any other person” (meaning nonunion contractors). This clause might be extended to other industries, including communications.

With such a policy change, workers in the new multimedia industry might choose to form unions, which could help promote the increased training and work reorganization that lead to increased productivity and higher wages.<sup>42</sup>

### *Option 8: Expand the scope of collective bargaining.*

U.S. unions have been interested in playing a bigger role in company decisions at least since World War II. Following increased cooperation during the war years, management representatives to the President’s National Labor Management Conference in 1945 proposed that “certain specific functions and responsibilities . . . are not subject to collective bargaining,” and union leaders rejected this proposal. After a wave of strikes in 1945-46, management granted major economic concessions to unions, but refused to concede on the management rights issue.<sup>43</sup>

Unions grudgingly accepted their limited role, which was made more acceptable by the fact that, during the post-war era, profits, productivity and wages were all increasing. Some unionists now prefer to bargain only over wages, hours, and working conditions. They see their role as protecting their members from management decisions, rather than participating in those decisions. However, other unionists are working with companies through a variety of joint committees and

ongoing nonprofit institutions, such as the CWA-IBEW-AT&T Alliance for Employee Growth and Development, a joint training institution. These joint committees and institutions are usually created in collective bargaining.

At U S WEST, Inc., collective bargaining was expanded beyond the usual, three-year contract. In November 1991, outside the normal time frame for triennial, company-wide contract negotiations, the Home and Personal Services Division, CWA, and IBEW negotiated and reached agreement on a Memorandum of Understanding which established the broad parameters of a joint partnership (see ch. 3). This Memorandum of Understanding was in addition to the contract provisions negotiated by the parties in 1989, which remained in force.

Under the National Labor Relations Act, companies are required to provide information to unions and to bargain with unions on only three subjects—wages, hours, and working conditions. On only these subjects must the employer and union bargain “to impasse” with the possibility of a strike if agreement cannot be reached. But, these three subjects do not reach the heart of the many business decisions—on plant location, introduction of new technology, mergers, acquisitions, and layoffs—that have a great impact on most workers’ employment status.

Congress may want to consider expanding the mandatory subjects of bargaining. Three subjects that might be included on the list are introduction of new technology, plant closings and layoffs, and training. Requiring employers and unions to negotiate over these subjects might also enhance union organizing (see options 7a-d above). Unions that were involved in the broader issues affecting workers might be more attractive to potential new members than those that stick to the narrow, bread and butter issues that have made up

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<sup>42</sup> In April, 1993, wages for nonsupervisory workers in the cable television industry averaged \$10.92 per hour, compared to average wages of \$15.45 per hour in telephone communications—*Employment and Earnings*, vol. 40, no. 7, July, 1993, p. 143.

<sup>43</sup> S. Barkin, “Pure and Simple Unionism: An Adequate Basis for Union Growth?” in G. Strauss, D. Gallagher, and J. Fiorito, eds., *The State of the Unions* (Madison, Wisconsin: The Industrial Relations Research Association, 1991), p. 353.

the basis for U.S. unionism. CWA has found at U S WEST that its broader role makes it more attractive to new members. A more drastic change would be to eliminate the current distinction between mandatory and permissive subjects, and make all subjects mandatory.

This option represents a radical departure from U.S. tradition. Although unions have begun to play a much larger role in companies such as U S WEST, Saturn, Corning, and Xerox, most companies reserve their right to make decisions through management rights clauses in collective bargaining contracts. Many U.S. managers have experienced unions primarily as adversaries, and see

them as interfering with, rather than helping to enhance, profitability. At the same time, some unionists may prefer to remain adversarial, while other union members and leaders may feel they lack adequate resources to participate in business matters. However, the growing number of successes, such as the joint venture between HPS, CWA, and IBEW, may slowly begin to change management and union attitudes toward each other. These successes offer a promise that U.S. firms and workers will begin to pull together in a way that sustains long-term productivity throughout the economy.