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Marriott International

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Suggested Citation

Ehrlich, C. J. (1994). *Statement of Clifford J. Ehrlich before the Commission on the Future of Worker-Management Relations*. Retrieved [insert date], from Cornell University, School of Industrial and Labor Relations site: http://digitalcommons.ilr.cornell.edu/key_workplace/337/

*Hot Topic
Future Worker Management*

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STATEMENT OF

CLIFFORD J. EHRLICH
SENIOR VICE PRESIDENT, HUMAN RESOURCES
MARRIOTT INTERNATIONAL

BEFORE THE

COMMISSION FOR THE
FUTURE OF WORKER/MANAGEMENT
RELATIONS

February 24, 1994

STATEMENT OF
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BEFORE THE
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WORKER/MANAGEMENT RELATIONS

February 24, 1994

MR. CHAIRMAN AND MEMBERS OF THE COMMISSION: My name is Clifford J. Ehrlich. I am the Senior Vice President of Human Resources for Marriott International. Our company manages lodging and service businesses in 50 states and 24 countries and employs more than 175,000 employees. Of our non-management employees in the United States, approximately 9% are represented by unions.

I also serve on the Board of Directors of the Labor Policy Association, formerly chaired the Employee Relations Committee of The Business Roundtable, and am active in a number of other professional organizations. The experience that I am drawing on includes a 12-year tenure with a major manufacturer and more than 20 years with a service company. Because my current and most recent experience has been in the service industry, my testimony will tend to reflect that experience.

The announcement of this hearing states that this session will be devoted to "procedural and substantive issues of representation." In preparing my testimony, I've taken the liberty of assuming that many of the issues, such as the balance between labor

and management interests in our labor laws and whether employees are adequately protected when engaging in union organizing activities, already have been well debated.

They are vital issues, but have been reviewed in law review articles, books, political debates, and editorials to the point that I don't feel capable of making a meaningful contribution to your understanding of them. For that reason, I chose to cut to the chase and address the issue of how labor unions are viewed by many in management and the reasons those views are held. Before beginning, I offer the disclaimer that I am not speaking for the business community. However, I know that the views I am about to offer are sufficiently prevalent in that community to warrant your consideration. I believe that for the Commission to carry out its mandate, it must work from a hearing record that contains all relevant points of view, including the one now being offered. Where a union or unions are present in a company, most employers will work very hard to team with that union, work out the best possible relationship with it, and try to keep union-employee-management relations as harmonious as possible. For large work environments, in particular, some of my peers have said they would have a difficult time functioning without a union in place. But all things being equal, most American companies would prefer operating without a union present at the worksite.

A labor unionist's reaction to this statement may be to recoil and claim that it is symptomatic of a deep-seated desire by American management to exploit workers. Indeed, there probably are some employers who fall into that category. Nevertheless, I would suggest that for the vast majority of American employers the reasons for this sentiment are far more complex. I would hope that as you assemble your findings of fact, you consider the full range of employer and employee attitudes towards unions in evaluating the substantive and procedural changes that may be needed.

From the standpoint of a human resource professional, I have seen an enormous transformation in the way American corporations view their most important asset, the people they employ. The debilitating tension that permeates the traditional labor-management relationship is no longer acceptable. Management realizes it is essential to work with its employees to realize common objectives, and that in building a climate of trust, commitment and shared responsibility we must engage all employees at all levels in solving the challenges facing our businesses. Traditionally, it has been a well accepted notion that capital and labor — employers and employees — have conflicting interests. This was true during the industrialization of our country and led to labor unions being given statutory powers to counterbalance the economic power of employers. But the world in which labor unions once balanced the power of capital and the world we live in today are quite different.

It should be stressed that this markedly different attitude on the part of management toward its employees is not some new form of corporate altruism. If it were, it probably would not have lasted very long. Rather, this alignment between employers and employees — something I never would have thought possible 10 or 15 years ago — is being driven by a triumvirate of contemporary realities. First and foremost, it is being driven by the "in your face" reality of global competition. Secondly, it is being driven by smarter, more demanding employees. And thirdly, it is being driven by better informed, more responsive employers.

In the swirling seas of change sweeping over the workplace, however, there remains all too often one island of constancy — organized labor's view of the employment relationship. That view, unfortunately, has kept many labor leaders in a mindset that sees employee needs and company interests in perpetual conflict. To

illustrate this mindset, I would refer the Commission to a quote from a recent article in *Labor Research Review*, by Joe Crump, Secretary-Treasurer of the United Food and Commercial Workers Local 951, who testified before a panel of the Commission:

Organizing is war. The objective is to convince employers to do something that they do not want to do. That means a fight. If you don't have a war mentality, your chances of success are limited.¹

This view, of course, is consistent with the intent of the Wagner Act which was never intended to promote labor-management cooperation. Since the relationship between employers and employees originally was viewed as being adversarial, it's no wonder many labor leaders continue to view their world through that lens.

If Mr. Crump's quote represents how a union approaches an unorganized worksite, I have a difficult time understanding why anyone should be surprised that most companies respond in kind. Right now, American management and our employees are already engaged in war. It is war against our competitors. It becomes much more difficult to wage that war if, at the same time, someone is fomenting a civil war inside our companies.

I call the Commission's attention to an article written by a disaffected member of a postal workers' union that appeared in the September 27, 1993, issue of *Newsweek*. In a column entitled "My Turn," Romaine Worster describes what I have often heard expressed about the traditional union-management relationship:

¹ Crump, "The Pressure Is On: Organizing Without the NLRB," *Labor Research Review* No. 18, 35 (Fall/Winter 1991/92).

Unionism is a lopsided religion. All it has is a devil —
management. While I don't doubt that we wrestle with the
principalities of evil, I find it difficult to believe
that Satan is the poor working stiff who writes my schedule.
But believe this I must if I am to remain a true unionist.

Worster goes on to say that "[u]nions have a vested interest in maintaining a combative relationship with management. Having addressed the wrongs of the last century, they must resort to portraying the worker as victim and management as the enemy in order to keep themselves in business." I believe that the reasons some unions feel it necessary to continue portraying management as a devil are, number one, that view is deeply ingrained in the minds of many labor leaders and, number two, some union officials believe it gives them a valuable "tough guy" reputation when they campaign for union office.

My concern is that our economy can ill-afford the continuation of these types of confrontational, adversarial attitudes. I'm not suggesting there was an alternative to the industry-wide conflict and confrontation that occurred routinely in the past, only that today's challenges require different responses. The great majority of American jobs are now in the service sector and even the manufacturing sector includes a large number of service jobs, such as those in finance, systems, engineering and customer relations. In fact, our economy is now being built around customer service. Today's successful employers realize the importance of managing in a manner that earns the commitment and dedication of their employees. After all, customers do not want to deal with employees who are preoccupied by a war within their company. They want to deal with people who enjoy working for the company they represent and who feel they have the

power to satisfy customer needs. In this kind of environment, the highly restrictive work rules and work practices that arise in union environments often run at cross-purposes with the need to empower workers to get products to market quickly and to give customers the services they want.

I would also urge the Commission to look at employee attitudes on the subject of union representation. The theme of many who have testified is that the primary reason for the decline in union representation in the private sector is that whenever a union tries to organize a bargaining unit, the company fires the union sympathizers, thus intimidating the remaining employees into remaining unrepresented. I believe that tactic is self-defeating because it often has the opposite effect of galvanizing the remaining workers against the company. Nevertheless, some employers have taken such action and I do not defend them. But much has changed in the employer-employee relationship, and I believe this changed relationship has much more to do with the continuing decline in union popularity.

For example, a national public opinion poll performed three years ago for the Employment Policy Foundation by Penn + Schoen Associates, Inc., shows why organized labor is having a more difficult time attracting converts. The poll asked those in the sample group who were not members of a labor union why they didn't want a union at work. 27 percent did not believe that unions were relevant to their job, 19 percent did not believe that a union could help their situation, 10 percent said they were anti-union, and 8 percent thought there were better ways than a union to protect their interests. *Significantly, only 1 percent opposed having a union because they were afraid of their employer's reaction.* I have attached a copy of the poll results to my testimony.

The reason for the response to that survey, I suggest, has to do with the desire on the part of most employers to create a workplace where cooperation and collaboration dominate. That desire is prominently seen in the move toward employee involvement that seeks to empower teams of front-line workers with decision making authority. When these employee groups have been given that power, they become self-actuated. Importantly, they not only begin thinking for themselves, they enjoy letting management and others within the company know what they think — directly. For example, in another national public opinion poll of workplace attitudes conducted by Penn + Schoen in May of 1993, a random sample of 1,003 Americans was asked the following:

Speaking generally, if you and your coworkers figure out a way to do your job differently or better, would you prefer to:

- talk to management directly
- communicate through a union
- don't know

83% of the respondents said they prefer talking to management directly while only 14% wanted to communicate through a union. I would note that of the union members who responded, 82% said they preferred talking with management directly while only 14% wanted to work through their union.

The Commission has already received considerable testimony on the subject of union attitudes towards employee involvement, and I would only add the following from pages 7 and 8 of the International Association of Machinists' "White Paper on Team Concept Programs" dated September 14, 1990:

'The key to a union-empowering worker participation program is the structural exclusion of management from a direct relationship with the rank-and-file.' As some experts have mentioned, '[T]his allows the members to hide their knowledge from management.' Further, it ensures that '[j]ointness occurs at the representative level, 'not at the rank-and-file' level, preventing management from bypassing the union in order to approach the rank and file directly.²

I can understand why some in the union movement may be troubled by the concept of employee involvement. Union leadership often feels threatened when employees are given the power to solve their own problems. The same is true for old-style company management which often feels equally threatened. In fact, it has been my experience and that of many of my peers that some of the strongest resistance to employee involvement comes from front line supervisors. However, it would seem that if the long term strategy of organized labor is to cut off the ability of management to work directly with employees to improve the operation of the enterprise, organized labor should not be surprised if it finds its presence unwelcome by both employees and management. I really wonder why, during these economic times, any organization would think it would be in its long term self-interest to drive a wedge between employees and management. A

² Office of the International President, International Association of Machinists and Aerospace Workers, *IAM "Team Concept" Policy 7-8* (September 11, 1990). Quotes are cited to Banks and Metzgar, *Participation in Management*, Midwest Center for Labor Research, Vol. VIII, No. 2 (Fall, 1989).

company will survive and its job-creating potential will prosper when all of its various components are working in harmony, not warring against one another.

At the same time, the statement provided above also seems to imply that rank and file employees should not be permitted to share their knowledge with management and that "jointness" — the opportunity to collaborate — should be something reserved as the exclusive province of union officials. If organized labor is trying to persuade unorganized employees to exchange their right to act unilaterally for the obligation to funnel ideas on workplace improvements through a union hierarchy, it is making itself unattractive to the self-confident, independent-thinking people who populate today's work force.

I would also point out that in reviewing some of the testimony that has been delivered to this Commission regarding how Board procedures could be improved to help labor unions win more representation elections, a number of witnesses have suggested two fundamental revisions in labor law:

1. employers should not be allowed to communicate their views to employees on the subject of union representation of the workplace, and
2. signature cards alone should be a sufficient basis for an NLRB bargaining order.

Trying to persuade Congress to limit an employer's right of free speech and to deny employee's the right to a secret ballot election may prove to be a dicey task. Instead, my suggestion would be that if labor is having difficulty persuading unorganized employees to accept its message, it should reexamine the message, not seek enactment of a federal law that limits what prospective union members can hear and denies them access to the

privacy of a voting booth. Again, I would refer the Commission to a public opinion poll conducted by Louis Harris & Associates in late December, 1993.³ It found the following:

Most Americans, most working people and nearly half (44%) of members of union families rate the labor unions negatively.

While most people give credit to labor unions for improving the wages and working conditions of their members, they are widely perceived as being too involved in politics, too concerned with fighting change, and too prone to stifle individual initiative. Most people, and a large minority (42%) of members of union households believe unions do not give their members value for their union dues.

It may be instructive to approach the decline of unionism in the private sector as a marketing problem and ask what has caused unions to lose market share. Like most businesses, unions have encountered competition but they often overlook what I believe is their biggest source of competition — the actions of our government to provide citizens with workplace safeguards. In 1935, collective bargaining was an employee's only effective protection against employer unreasonableness. That, in effect, gave unions a monopoly. Since then, a series of state and federal laws — such as civil rights legislation and the Occupational Safety and Health Act — have provided employees with new avenues for resolving disputes with their employers. And these avenues don't carry the

³ The Harris Poll, 1994 #6, January 3, 1994.

price tag of dues. This legislation has had the effect of eliminating the monopoly of unions on issues relating to fairness in the workplace.

Another important consideration has been the legal revolution that has chipped away at the employment-at-will doctrine that was the basis of the employer-employee relationship when the Wagner Act became law. Judicial activism and a very active plaintiff's bar have re-shaped that relationship. Employees know very well that they have recourse through the courts when they feel their employer has violated a principle of fairness in dealing with them and they don't need a union to obtain that protection.

My purpose in mentioning these factors is not because they are a complete list of influences affecting the appeal of unions, but only to suggest that the labor-management issues you are dealing with cannot be looked at in isolation from other trends in our society.

Thank you for the opportunity to present my views.