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Union-Management Cooperation: A Passing Fad or Permanent Change?

Abstract

[Excerpt] Union-management cooperation is not a passing fad. It is not a new, or even a recent, development on the American labor relations scene. Nonetheless, interest in this subject has been growing. It is the purpose of this article, first, to clarify the meaning of union-management cooperation, indicating what it is and what it is not; second, to describe its history in the United States, going back to World War I; third, to explain the forces, both past and present, that have led to the development of union-management cooperation; fourth, to describe the various mechanisms employed to achieve this cooperation, including the levels of involvement and their scope; fifth, to set forth the necessary and sufficient conditions for successful union-management cooperation: and, finally, to discuss its future.

Keywords

ILR, Cornell University, union-management, cooperation, United States, history, employ, labor, condition

Disciplines

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Union-Management Cooperation: A Passing Fad or Permanent Change?

Lois S. Gray

Union-management cooperation is not a passing fad. It is not a new, or even a recent, development on the American labor relations scene. Nonetheless, interest in this subject has been growing.

It is the purpose of this article, first, to clarify the meaning of union-management cooperation, indicating what it is and what it is not; second, to describe its history in the United States, going back to World War I; third, to explain the forces, both past and present, that have led to the development of union-management cooperation; fourth, to describe the various mechanisms employed to achieve this cooperation, including the levels of involvement and their scope; fifth, to set forth the necessary and sufficient conditions for successful union-management cooperation; and, finally, to discuss its future.

What is Union-Management Cooperation?

What It Is Not

In analyzing union-management cooperation, it is important to be clear on what it is not. It is *not* an absence of strikes or conflict. Cooperation is not synonymous with “industrial peace.” Cooperation may take place even when a breakdown in bargaining leads to work stoppages; conversely, the mere absence of strikes is no evidence that there is union-

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management cooperation. In the current period, there is a tendency to equate concessionary bargaining with union-management cooperation. The demand for and acceptance of "givebacks" reflects economic pressures and relative bargaining strength and ought not to be interpreted as evidence of a cooperative relationship.

What It Is

Professors Harbison and Coleman, in one of the leading articles on the subject, defined union-management cooperation as a "relationship in which the parties through joint action attempt to reduce unit costs of production, increase efficiency and improve the competitive position of the firm."¹ A broader definition also takes into account emerging relationships in public sector and cooperative undertakings at the community or national level.

Union-management cooperation is a series of actions taken by unions and employers in recognition of mutual interest and collaboration toward a common goal. Professors Walton and McKersie classify this approach to bargaining as "integrative bargaining" in contrast to "distributive bargaining." In integrative bargaining the objectives of the two parties do not conflict, while distributive (or traditional adversary) bargaining is a zero sum game in which conflicting interests must be accommodated.²

History of Union-Management Cooperation

Union-management cooperation is not a new phenomenon. Collective bargaining in the United States began with conflict, that is, industry resistance to unionization, and generally has been characterized by adversarial relations. Nonetheless, for more than 60 years there have been cyclical periods in which there were major efforts to achieve union-management cooperation.

World War I and the 1920s

During World War I, the U.S. government encouraged cooperation between management and labor (both union and nonunion) as a means of

1. F.H. Harbison and J.R. Coleman, *Goals and Strategy in Collective Bargaining* (New York: Harper, 1951), p. 89.

2. R.E. Walton and R.B. McKersie, *A Behavioral Theory of Labor Negotiations* (New York: McGraw-Hill, 1965).

increasing productivity to support the war effort. In 1918 this cooperative program was officially endorsed by the convention of the American Federation of Labor. Although many of the productivity committees were discontinued following World War I, a million workers were still participants in 1924.³ Many of these committees developed into “company” unions that were denounced by the AFL, which proclaimed the superiority of cooperation from unions that were truly independent.⁴

Leading examples of genuine union-management cooperation during the 1920s were:

1. The railroad shop crafts with the Baltimore & Ohio Railroad.
2. The garment industry, notably Hart, Shaffner & Marx, and the Amalgamated Clothing Workers Union.
3. Acme Markets in Philadelphia with the Amalgamated Meat Cutters and the Retail Clerks unions.
4. Naunkeag Steam Cotton Company and the United Textile Workers.
5. The full-fashioned hosiery industry and the Hosiery Workers union.⁵

The Depression: 1930s

During the depression of the 1930s, almost all of these cooperative schemes disappeared. They were unable to withstand the shock of economic decline and employee layoffs. Nonetheless, the impetus to cooperation emerged in new settings. For example, the Tennessee Valley Authority established a cooperative program with the unions representing its employees, and the Steelworkers Organizing Committee used the appeal of potential union-management cooperation as a tool for organizing small companies in the steel industry.⁶

Sumner Slichter examined 27 cases of union-management cooperation in the 1920–40 period, indicating that in more than half the cases, the initiative came from the union.⁷ Richard Lester, in a review of the same period, concluded that union support arose from a desire to convince the employer that the union is to its advantage.⁸

3. Charlotte Gold, *Employer-Employee Committees and Worker Participation*, Key Issue Series no. 20 (Ithaca, N.Y.: New York State School of Industrial and Labor Relations, Cornell University, 1976), pp. 15–18.

4. Neil W. Chamberlain, *Collective Bargaining* (New York: McGraw-Hill, 1951), pp. 426–28.

5. Jean McKelvey, *A.F.L. Attitudes Toward Productivity, 1900–1932* (Ithaca, N.Y.: Cornell University, 1952).

6. Richard Lester, *Economics of Labor* (New York: Macmillan, 1947), pp. 674–98.

7. Sumner H. Slichter, *Union Policies and Industrial Management* (Washington, D.C.: Brookings Institution, 1941).

8. Lester, *Economics of Labor*.

World War II

During World War II, the government again encouraged labor-management cooperation (establishing committees at each work site) as a means of boosting productivity. De Schweinitz, in a study of these war-time cooperative efforts, found that only a few hundred, out of thousands, actually registered a productivity increase.⁹

Postwar, 1945-70

Following World War II, the scenario of World War I was repeated; for example, most of the labor-management committees were dismantled. Nonetheless, the idea hung on. The Scanlon Plan, based on the philosophy of union-management cooperation and gain-sharing which had been espoused by Philip Murray and Clinton Golden of the United Steelworkers, was introduced in 1947 and spread to a variety of work settings. This plan had three components: (1) teamwork to increase productivity; (2) an employee suggestion system; and (3) a bonus system based on gains.¹⁰

In the late 1940s the National Planning Association undertook an analysis of selected case studies of union-management cooperation. This study concluded that instances of union-management cooperation were rare and generally limited to small employers and local unions.¹¹

In 1972 the Bureau of Labor Statistics reported only 22 cases that it classified as "union-management cooperation."¹²

Quality of Work Life Movement

The 1970s brought increased interest in union-management cooperation. Productivity committees were established in the steel industry and "quality of work life" and "employee participation" began to take hold in other sectors. The QWL movement, applying the findings of the behavioral sciences to the workplace, has been inspired, or at least encouraged, by the experience of America's trading partners, Western Europe

9. Dorothea de Schweinitz, *Labor and Management in a Common Enterprise* (Cambridge: Harvard University Press, 1949), p. 19.

10. *Recent Initiatives in Labor-Management Cooperation* (Washington, D.C.: National Center for Productivity and Quality of Working Life, February 1976), pp. 43-50.

11. Clinton S. Golden and Virginia D. Parker, eds., *Causes of Industrial Peace Under Collective Bargaining* (New York: Harper, 1955).

12. Gold, p. 37, from an unpublished manuscript by H.M. Douty for the National Commission on Productivity and Work Quality, 1974.

and Japan. Two of the most highly publicized and researched cases were the Rushton Mines experiment with the United Mine Workers¹³ and the Harmon Manufacturing Company experiment with the United Auto Workers.¹⁴

QWL, like its predecessors, aims at increasing the productivity and/or quality of the product by eliciting the cooperation of employees and, where the employees are represented by a labor organization, the union. (Many of these plans have flourished in nonunion settings.)¹⁵ However, QWL and employee involvement plans differ from earlier experiments in their emphasis on rank and file participation and on the process of participation. Under these plans, what decision is made is less important than how it is made, an emphasis reflecting the influence of the behavioral scientists who have served as consultants and trainers.

Currently, QWL-type programs are underway in such diverse industries as steel, automobile, railroads, communications, electronics, meat packing, retail, public employment, and building construction. Among the unions involved are the Communications Workers of America, United Steelworkers of America, United Auto Workers, Amalgamated Clothing and Textile Workers, United Transportation Union, Brotherhood of Railroad and Airline Clerks, United Food and Commercial Workers, American Federation of State, County and Municipal Employees, the National Association of Letter Carriers, and the International Union of Bricklayers and Allied Craftsmen. Each of these unions has a distinct tradition and a unique history of collective bargaining activities.

Cooperation at the Local and National Level

Another mechanism that has spread during the past decade is the labor-management committee at the community level in which unions and employers work together to strengthen the local economy. Since 1945, 28 cities, towns, and counties have established these committees, mostly in

13. Paul S. Goodman, *Assessing Organizational Change: The Rushton Quality of Work Experiment* (New York: Wiley-Interscience, 1979).

14. B.A. Macy, "The Quality of Worklife Project at Bolivar: An Assessment," *Monthly Labor Review*, July 1980, pp. 41-43.

15. P.S. Goodman and F.F. Lawler, *New Forms of Work Organization in the United States* (Geneva: International Labor Organization, 1977); Paul S. Goodman, "Realities of Improving the Quality of Work Life: Quality of Work Life Projects in the 1980's," *Labor Law Journal*, August 1980, pp. 487-94. Goodman predicts that the spread of these projects will take place in nonunion settings where there is no conflict with traditional collective bargaining arrangements (p. 494).

the Northeast and Midwest.¹⁶ The importance of this type of approach has been recognized by the federal government in terms of financial support through the Economic Development Administration, the Department of Labor, the Appalachian Regional Commission, and, currently, the Federal Mediation and Conciliation Service.¹⁷ The Comprehensive Employment and Training Act, as amended, provided for the establishment of Private Industry Councils which included not only union and management representatives but also representatives of other constituencies in the communities with the goal of developing training and employment-generating programs. The Job Training and Partnership Act of 1983 continued, with greater emphasis, the role of Private Industry Councils in training.

Likewise in the 1970s, there were sporadic dialogues between leading employer and union officials about public policies of mutual concern, for example, inflation, international trade, and "reindustrialization." Under the Carter administration, the dialogue was institutionalized into a Pay Advisory Committee with official government sponsorship. Under President Reagan, it continues as a private undertaking chaired by Harvard Professor John Dunlop, a former Secretary of Labor.

As compared with the past, the 1970s and 1980s have produced more examples of union-management cooperation, involving more participants. Increased numbers of companies and unions are involved, and efforts have spread to a much broader spectrum of industries and communities.¹⁸

Why Union-Management Cooperation?

In the past as well as the present, the major impetus to union-management cooperation has been the perception of a common enemy. During the two world wars, the enemies were foreign powers and cooperation was spurred by patriotism. The current period also features foreign powers as the enemies, but the battleground has shifted to international trade. Enhancing the competitive position of American industry vis-à-vis Japan and Western Europe is encouraging cooperation in the steel, auto, and garment industries.

16. Irving H. Siegel and Edgar Weinberg, *Labor-Management Cooperation: The American Experience* (Kalamazoo, Mich.: Upjohn Institute for Employment Research, 1982), pp. 77-78 and chap. 4.

17. *Ibid.*, p. 79.

18. *Ibid.*

The nonunion employer, a common enemy to unionized sectors, provided the dominant motive for labor-management cooperation in the 1920s and 1930s and continues today to bring unions and unionized employers together in such industries as construction and apparel.

Economic dislocation, another powerful impetus to cooperation, is caused by technological and organizational changes and shifts in government policies. For example, the American Telephone and Telegraph Company, faced with a court order for divestiture and drastic reorganization, has been engaged in joint planning with the CWA involving employees at all levels of the organization. The railroad industry, which since World War II has lost two-thirds of its work force as a result of technological change and competition with other forms of transportation, is beginning to experiment with "quality circles" in an effort to increase productivity, gain greater flexibility, and save jobs. Public employee unions confronted with fiscal crises have joined management in productivity committees and QWL projects.

Forms of Union-Management Cooperation

Labor-management cooperation takes several forms, covers a wide range of issues, and functions at various organizational levels.

When unions and employers cooperate to achieve a common goal, various mechanisms are employed. Most commonly, some form of joint decision-making machinery is established. It may be a committee composed of top leaders or, in the case of QWL efforts, it may involve rank and file employees in more informal structures. Alternatively, unions provide technical assistance to employers, for example, consultation on methods and machinery, in an effort to increase productivity and strengthen their competitive position. This type of union cooperation with management, *which has been long-standing* in the garment industry, is particularly suitable to industries characterized by highly competitive small firms which lack the resources that can be provided by the unions.

Employee ownership is another form of labor-management cooperation, unusual on the American scene but attracting increasing interest.¹⁹ In cases like Rath Packing Company in Iowa or the Clark Hyatt Bearing Company (formerly a plant of General Motors), employees collectively purchased plant and machinery. In their new role as owners, union mem-

19. William Foote Whyte et al., *Worker Participation and Ownership* (Ithaca, N.Y.: New York State School of Industrial and Labor Relations, Cornell University, 1983).

bers wear "two hats" and engage in a unique form of union-management cooperation.

Levels of Involvement

In practice, union-management cooperation takes place at various organizational levels. In an individual firm, it may involve decisions made in a department or at the plant or corporate level. On an intrafirm basis, union-management cooperation may function industrywide, areawide, or at the national level, depending on the objective. Typically, in-plant union-management cooperation involves local union officials and members and focuses on specific work problems, as in the case of quality circles and their counterparts. In contrast, corporate level cooperation involves top union and company officials with attention directed to long-range strategies for profitability. Cooperation at the corporate level is widespread in Western Europe but almost unknown in the United States (except in employee-owned firms). The seat which Douglas Fraser of the UAW holds on the Board of Directors of Chrysler Corporation is unique on the American scene.

Industrywide cooperation between unions and employers also involves top level officials. The objectives are broad, for example, strengthening the competitive positions of unionized firms as against nonunionized firms, or domestic firms vis-à-vis foreign firms; combating government regulations perceived as a threat to jobs (e.g., auto emissions); and stimulating public policies that would create jobs (e.g., nuclear power).

Areawide union-management cooperation involves local leadership from a variety of industries, usually in collaboration with local government, in efforts to stimulate the economic health of the community.

At the national level, interunion, interfirm cooperation, as evidenced in various committees appointed by the President, involves key national leaders and aims at accord on public policy issues which affect both union and management and in which they feel a common stake.

Today, in contrast with the past, union-management cooperation may be found at all levels, from rank and file to top leadership.

The Scope of Union-Management Cooperation

The issues addressed by union-management cooperative efforts range in breadth from narrow to broad, and in content, from technical to eco-

conomic and social. There are many long-standing forms of in-plant cooperation.

Training is one traditional subject of union-management collaboration. For example, joint apprenticeship training has been basic to the development of skilled trades. In recent years, unions and managements have cooperated in providing training for upgrading to higher-skilled jobs and in anticipation of changes in technology as well as special programs of outreach and training for new employees designated as "disadvantaged."

There is also a long history of union-management cooperation in the administration of health, welfare, and pension plans. In some industries, this has encouraged a mutuality of interest in reducing the cost of health care and joint discussions of investment policies as related to the economic future of the industries covered by pension plans.

Unions and managers also regularly cooperate in safety and health and various employee service activities. Some examples include counseling to combat drug and alcohol abuse, the provision of educational opportunities, and the encouragement of preretirement planning.

QWL and productivity committees focus on conditions of everyday work, such as scheduling of hours and the work process itself, with the objective of increasing output and quality of product through worker input on the "best way."

Industry Survival

The agenda of union-management cooperation at the area and industry level is broad indeed, encompassing such questions as research and development, marketing strategies, manpower planning, financial arrangements, and public policy. Current examples are to be found in the construction and retail food industries.

Compared with its early beginning, union-management cooperation is reaching a cross-section of labor and employing organizations. It involves, at one time or other, all levels of decision-making in these organizations, and it deals with an ever broadening agenda of issues.

Lessons from Experience: Necessary Conditions for Successful Union-Management Cooperation

Studies of union-management cooperation from the 1920s to date are remarkably similar in their conclusions with respect to the conditions nec-

essary to successful union-management cooperation: (a) For sustained union cooperation, there must be *management acceptance of collective bargaining* and union security. (b) For management participation in such efforts, there must be *freedom to innovate* and a belief that the union is able to deliver on its commitments. (c) Union and management support for cooperative efforts is normally associated with a *mature relationship* characterized by a relative balance of power and mutual respect between the parties. (d) Essential to success is strong commitment to cooperation at *all levels* of the participating organization, including top management and supervisors, union officials and members. (e) For workers, participation depends on *gain-sharing* (financial incentives) and a feeling of *job security*. (f) Successful cooperation calls for unusual *personal skills in decision-making and problem-solving on the part of all participants*. This recognition has in recent years led to intensive training in these skills. (g) Above all, experience shows that continuing cooperation must produce *results that are satisfying to all participants*. This is possible only in a "benign" environment in which attractive rewards are available and no sudden changes expected.²⁰

Lessons from Experience: Reasons for Failure or Discontinuation

Why do so many cooperative efforts fail? Looking at the early record of labor-management cooperation, Harbison and Coleman observed a "catch 22." If problems are not solved by joint action, the parties lose faith in cooperation. If they are solved and no new ones appear, the effort dies out. They observed that tangible gains from cooperation may be subject to the law of diminishing returns. As the most pressing problems are solved, interest lessens.²¹

A recent review of QWL experience found that relatively few programs survived over time. Among the factors contributing to their demise were (a) conflict between the style of decision-making in the experiment (democratic participation) and the authoritarian structure and/or tradition of

20. For evaluation of union-management cooperative experiments in the 1920s and 1930s, see Harbison and Coleman, Gold, Chamberlain, McKelvey, Golden and Parker, Slichter, and Lester, cited above. For discussion of recent experience, see Goodman, "Realities;" Siegel and Weinberg, *Labor-Management Cooperation*; and Paul D. Greenberg and Edward M. Glaser, *Some Issues in Joint Union-Management Quality of Work Life Improvement Efforts* (Kalamazoo, Mich.: Upjohn Institute for Employment Research, 1980).

21. Harbison and Coleman, *Goals and Strategy in Collective Bargaining*.

the organization; and (b) inconsistency between the cooperative behavior generated in workplace discussions and the traditional adversarial behavior of the parties in collective bargaining.²² Most important, the record, past and present, shows that no program of union-management cooperation has survived sudden and drastic change in the economic position of the employer.

Future Prospects

Looking to the future, will union-management cooperation continue to spread? Optimists point to the changing work force—rising educational levels and growing expectations—as a spur to the worker involvement in decision-making. They also count on the mutually perceived challenge to the competitive position of American industry as a continuing incentive to union-management cooperation.

On the negative side are signs of widespread resistance. Many union leaders are expressing doubts about whether union-management cooperation can work in a climate of “union busting.” William Winpisinger, president of the International Association of Machinists, opposes cooperative efforts until and unless structural changes give unions a partnership role comparable to the Western European model. Even union leaders who are currently involved in QWL agreements, such as Glenn Watts, president of CWA, are questioning whether shop floor cooperation should continue in the face of growing attacks on unions. Employers are also divided on the merits of cooperative relationships. As reported in a Lou Harris poll, a substantial segment view the currently weak bargaining position of many unions as an opportunity to get rid of them altogether.²³

The future of union-management cooperation is a question of trade-offs. Are *unions* willing to pay the price of weakening their traditional adversarial role? Of risking a loss of membership support? Are *employers* willing to pay the price of job security guarantees? Sharing financial gains? Above all, sharing power?

The real question is whether the required conditions for union-management cooperation exist in a broad spectrum of American work sites. And if they do exist, will they survive adversity? Earlier experiments floundered with economic crisis and the drying up of potential gains.

22. Goodman, “Realities of Improving the Quality of Work Life,” pp. 490–91.

23. *New York Times*, Business Section, Sept. 5, 1982.

History poses a dilemma. Economic necessity is the impetus to cooperation, while economic stability is required for successful outcome. In many cases, the source of the economic crisis—foreign trade, changing technology, declining demand for products—which led to union-management cooperation may be beyond the reach of the cooperators.

Given the traditional adversarial nature of the American system of union-management relations, sustained union-management cooperation will necessitate changes in style and points of view on the part of both unions and management. It will require patience, commitment, and understanding, qualities difficult to develop and maintain in an economy of substantially less than full employment.

Union-management cooperation is not a "passing fad." It has been and is a permanent, though by no means dominant, feature of the American system of industrial relations. Changes, if any, as reflected in the recent spread of cooperative efforts, will come as a gradual evolution, rather than as a sudden alteration in our system of industrial relations.