

A NEW MODEL FOR LABOR-MANAGEMENT RELATIONS

Companies and unions who have participated in successful labor-management partnerships are their biggest advocates, citing innovations and improvements in decision-making, product design, safety, productivity, employee morale, and the bottom line.

by Barbara Haskew

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The history of labor relations—across the nation and in Tennessee—has often been characterized as adversarial. It has been marked by confrontational bargaining that has sometimes erupted into strikes or other labor dispute activity. In recent years, however, the pressures of global competition, rapid technological change, and the demand for workplace and product quality have produced an alternate model of labor-management cooperation. This article briefly discusses aspects of this cooperative model and some examples of that cooperation in Tennessee.

A recent national study of more than 1,041 collective bargaining agreements found that over two million employees are working under agreements that include one or more clauses providing cooperation between labor and management. Some of these provisions simply encourage the parties to cooperate in principle. Others go further and establish joint committees to identify possible areas where cooperation could benefit both labor and management. A third step or stage in the cooperative process may include provisions in the collective bargaining agreement that establish committees focused on common issues such as improving safety in the workplace. More extensive cooperation between labor and management is required when they commit themselves to joint

decision-making about performance issues such as improving quality and productivity. The highest level of cooperation is evidenced by those agreements and relationships where there is a meaningful partnership between labor and management about all or most decisions in the production process.¹

The pressures of competition and economic adversity have frequently encouraged a move toward greater labor-management cooperation. But the cooperation of practiced adversaries can be both uncomfortable and risky. Past bargaining history may have produced a lack of communication, respect, and trust. Both labor and management must be willing to change long-held attitudes. Each may be wary of cooperation. Management may feel uncomfortable sharing power with the union and worry that its rights and control will be significantly reduced. It may also be nervous that creating joint work teams might produce unfair labor practice charges.² Union leaders may also have doubts about trusting their old adversary. Union members may question whether the cooperative relationship with management is too cozy and if the union has abandoned its statutory obligation to represent employees. Further, union leaders and particularly union stewards may find that par-

continued on page 10





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continued from page 8

ticipating in joint decision-making significantly increases their workload.³

Even with these doubts and concerns, labor-management cooperation has been increasing during the past two decades. One of the strengths of labor-management cooperation is that it increases communication with the workforce, can mobilize high levels of employee involvement, and may produce useful insights about production, quality, and workplace issues. Such employee involvement may also improve job satisfaction, increase productivity, and reduce grievances. Analysts indicate that significant performance improvement is related to the intensity of employee involvement and to strong union involvement in the implementation of joint labor-management cooperation.⁴

The Saturn Experience

In Tennessee, cooperative labor relations have been exemplified for the past decade by the agreement between General Motors (GM) and the United Automobile Workers (UAW) at the Saturn plant in Spring Hill. In the '80s GM determined that it could not effectively compete with Japanese automotive companies in the small car market. Working with the UAW it formed the "Committee of 99" to study world-class manufacturing techniques and processes around the globe. These were incorporated in the design, organization, and innovative labor agreement that the parties put in place at the Saturn plant. The union became a full partner in decision-making at all levels. The agreement also included high levels of job security for workers and compensation tied specifically to training, product quality, and production levels. Distinctions between labor and management were blurred or eliminated. Analysts who studied Saturn in the early '90s concluded that there existed "a unique system of *co-management*" at the plant and that the labor-management partnership provided "a new form of labor relations that embodies innovations that are currently believed to be 'best practices' in high performance manufacturing, while establishing a process that gives workers a strong voice in enterprise decisions allowing the parties to adopt new ideas more easily than does the traditional bargaining system."⁵

While labor relations at Saturn have been a centerpiece for cooperative labor relations and joint decision-making, the outlines of GM's new labor agreement with the UAW at Saturn reached in December 2003 are more like the agreement negotiated for its other plants

throughout the nation. GM and the UAW's "retreat" away from the innovative agreement that distinguished Saturn is based on changes in the world automotive market. The demand for small cars that mobilized the "Committee of 99" is in a protracted slump. Competitive concerns encourage GM to standardize certain practices and operations in its network of manufacturing plants. Such standardization is anticipated to facilitate shifts in production that may improve the company's efficiency and competitiveness. GM announced that it is committed to investing more than \$90 million in capital improvements at the Saturn plant, but much of the innovative job security commitments that were a central component of the original agreement with the UAW and Saturn workers will likely be eliminated. Philosophically, both management and labor at the plant understand that such changes are required to retain jobs and compete for more work at the plant.⁶ It is much too early to say how the culture of partnership and co-management at Saturn will be influenced, but those interested in labor relations will be watching closely.

Saving the Nashville Glass Plant

The UAW and Visteon formed a labor-management partnership in Nashville to save the plant and their jobs. Visteon, encountering problems in the broader market, proposed the closure of the Nashville Glass Plant. To remain viable, labor and management at the Nashville plant formed a labor-management business partnership to consider new and innovative ways of operating the plant. This partnership committed to "... support the creation of a safe competitive environment built on motivated work groups that would use basic manufacturing principles, innovative work schedules, a simplified mission, and a minimal cost structure to achieve maximum utilization of the people, assets, and processes to meet our aligned objectives of job security, profitability, and customer satisfaction."⁷ Self-directed work groups became more involved in day-to-day decision-making; union leadership worked side by side with management in all areas. The goal is to make decisions that will contribute to outputs that will keep the glass plant open. The Business Partnering Model encourages decision-making at all levels of the organization with the decision process requiring high levels of support before decisions are finalized. Built on employee involvement and joint decision-making, the partnership improved productivity, increased employee morale, and developed innovative consensus approaches to addressing difficult issues.⁸ "Every day a joint UAW/Visteon Leadership

team meets to report out and discuss business performance including safety (which is always the first topic of discussion), quality issues, delivery issues and days of supply, production, and financial performance to budget.”⁹ This cooperative effort between Visteon and the UAW has to date kept the Nashville Glass Plant open, but it continues to face challenges to its viability. This continuing effort to keep the plant open and to remain viable through its partnership resulted in the 2003 Award of Excellence from the Tennessee Labor-Management Conference (TLMC).

Becoming a High-Performance Work Organization

Cummins Diesel Recon and the International Association of Machinists and Aerospace Workers Local 61 established a labor-management partnership because of the destructive effects of a decade of poor labor relations. After a costly strike in 1997, “it was clear that management and the union had to start working together or face the potential of a continued decline in ... business resulting in labor reductions and even plant closure. Business results at this time were at an all-time low ... employee morale and trust in management was poor”¹⁰ To address this situation the company and the union agreed to work together to implement the High-Performance Work Organization model developed by the International Association of Machinists. The cooperative implementation of this model produced extraordinary results. On-time delivery to customers grew from 60 percent to more than 97 percent, warranty costs were reduced by 20 percent, and safety incidents fell by more than two-thirds. The partnership also increased joint decision-making, added two new product lines, and produced QS9000 certification. The increase in employee participation and improved morale spilled over into the community as more than 60 workers volunteered to tutor elementary children and worked to raise funds for school and student needs.¹¹

Behavioral-Based Safety Partnerships

Cargill, Inc., and the United Food and Commercial Workers (UFCW) Local 515 have a long history of working together. They celebrate the union’s contributions to good employee relations and contend they have proven to be better than those of a number of non-unionized companies. Cargill management and the UFCW are proud of the continuing input from both labor and management and the fact that this input “forms the basis for develop-

The Tennessee Center for Labor Management Relations

The Tennessee Center for Labor Management Relations (TNCLMR) is funded by the Department of Labor and Workforce Development and associated with MTSU. The center develops and delivers educational and consulting services to labor and management and other groups across the state. It also provides grievance mediation services and assists in the formation of joint labor-management committees to help improve labor relations. The center facilitates two major conferences each year for the Tennessee Labor Management Conference. A major feature of the annual August conference is the recognition of outstanding labor management partnerships and their accomplishments. The Award of Excellence recognizes the overall outstanding labor management partnership in the state. Applicants

are judged on criteria relating to leadership, employee involvement, employee training and empowerment, and diversity and morale. The Pioneer and Horizon awards recognize the accomplishments of labor-management partnerships that develop innovative approaches to resolving work issues or provide outstanding service to their communities. Companies, unions, schools, and other professional groups interested in the services that the TNCLMR provides should contact Dr. Barbara Haskew, center director, or Catherine Sutton, associate director, at 615-895-4166. They can be reached by e-mail at bhaskew@mtsu.edu or csutton@mtsu.edu.

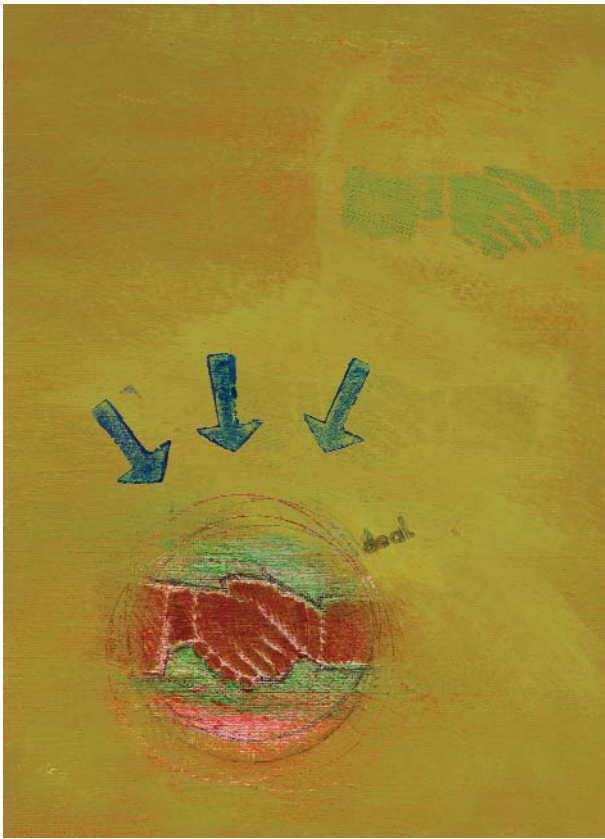
Please review material on the TNCLMR Web site for additional information and current programming at www.mtsu.edu/~tnclmr.

ing initiatives which are incorporated in the business plan.”¹² Four years ago labor and management decided to implement a behavioral-based safety program. SMASH (Safely Managing Activities, Situations, and Health) was recognized for its innovative features by the Tennessee Labor Management Conference and awarded the 2003 Pioneer Award. Unlike some of the previous joint labor-management programs developed by Cargill and the UFCW, the SMASH program is primarily employee-driven by a steering committee composed of union members. Management’s role is to support SMASH by removing road blocks to its operation and success. Employees are trained to observe and report both positive and negative behaviors affecting safety in the wet milling corn processing operations. It is a “no name, no blame” approach. All employees are provided up to 40 hours of training each year in safety and job-related tasks.

In the behavioral-based safety program, employees are trained to use computer software that provides a continually changing database programmed to record the reported observations and produce reports about safety measures for the plant. Managers monitor daily reports of risk observations and are responsible for taking any required action. The system permits the calculation of a safety index based on the number of injuries and lost-time incidents. The index is

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continued on page 12



continued from page 11

compared to a safety index for the corn-milling industry. Cargill has the lowest safety index in the industry. In the application for the TLMC Pioneer Award, Cargill and the UFCW noted that for the past five years their annual safety index has been below 1 when compared to an industry safety index of more than 4. They credit the implementation of the behavioral-based safety program at the Memphis Cargill facility with reducing the safety index to below 0.25. The partnership believes that the increase in safety observations and feed-

back to employees encouraged by the behavioral-based training and reporting process produced a significant decrease in accidents and injuries requiring medical aid.¹³

Cooperation on a behavioral-based safety initiative at British Nuclear Fuels (BNFL) not only accomplished its objectives but also provided a positive spillover into other areas of the labor-management relationship. The craft workforce, represented by the Knoxville Building and Construction Trades, and management at the BNFL East Tennessee Technology Park (ETTP) Project formed a labor-management partnership to address safety concerns. This is a decommissioning and demolition project. Employees work with low levels of radioactive materials and hoist and rig millions of pounds of material. The project requires workers to cut surplus metal equipment using high voltage plasma arc welding machines. BNFL management was committed to improving the safety culture at the project and to forming a partnership with labor to achieve better levels of safety. Jointly, labor and management decided to consider establishing the BBS (Behavioral-Based Safety) Program to improve safety. After visiting the Savannah River facility site in 2001 and reviewing its training program, the BBS Steering Committee decided to adapt that program to fit the needs of the ETTP project.¹⁴

Leadership for the implementation of the BBS Program was placed in the hands of the union job stewards; membership on the steering

committee consisted entirely of craft union members. Initially, stewards reported that the union membership was suspicious of this alliance with the management of the project, but this improved as training in the behavioral-based safety process proceeded. Craft workers were receptive to the training process and also used the meetings to air other concerns. Since its inception in February 2002, the BBS Program has produced significant results. BNFL reported that its "TRIR [Total Recordable Incident Rate] has been reduced by 25% ... and the DACR [Days Away Case Rate] has been reduced by 49%."¹⁵ In March 2003 BNFL celebrated surpassing one million work hours without a lost-time accident and acknowledged the contribution of the employee-run BBS Program. The site also received two awards from the National Safety Council. The Labor Management Partnership at BNFL-ETTP was recognized by the Tennessee Labor Management Conference as a finalist for the 2003 Award of Excellence. In addition to the improvements in safety at the project, craft workers reported feeling empowered by their involvement in the BBS Program because management was listening to them. Union stewards commented that trust and communication at the project had increased and that this improved relationship between labor and management would likely produce results in other areas.¹⁶

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Partnerships Helping Communities

The energy generated by labor-management partnerships often spills over into communities where they are located. Cargill and the UFCW won the TLMC 2002 Horizon award for their activities in supporting Memphis schools. Cummins Diesel Recon logs hundreds of hours tutoring children on company time and has been recognized by numerous Memphis and industry organizations for its community involvement. Labor-management partnerships may also work together to address emergencies and disasters that strike their communities. When tornadoes destroyed homes and lives in upper east Tennessee during 2002, two employees of UT-Battelle lost their homes. Employees at UT-Battelle, the managing contractor for Oak Ridge National Laboratories (ORNL), dug deep and contributed \$16,000 to help their coworkers and others in the region. Members of the Atomic Trades and Labor Council (ATLC), working with equipment provided by the company, formed a crew to help with clean-up activities in Cumberland County. Some members of the community were hit harder than others. In Mossy Grove a family of six lost everything. Working with Appalachia Habitat for Human-

ity, UT-Battelle, the ATLC, and 100 volunteers from ORNL built a new four-bedroom home for this family in just six weeks.¹⁷

Sometimes the job that must be done requires the cooperation of labor and management and other groups in the community. The Spallation Neutron Source (SNS) Project currently under construction at Oak Ridge is a massive \$1.4 billion project. It has been classified as a “Mega Construction Project” by the U.S. Department of Labor’s Office of Federal Contract Programs. This classification requires that companies that work on the project make good-faith efforts to hire a diverse workforce. To attract, recruit, and train the targeted female and minority members of the workforce, the companies and agencies working on the Project (UT-Battelle and ORNL, the Department of Energy, and the construction manager, Knight/Jacobs) formed a partnership or oversight committee with the 17 unions of the Knoxville Building and Construction Trades and a number of community groups. These community groups included schools from several counties, social service agencies, the YWCA, the Tennessee Department of Labor, area career centers, and many others. This partnership produced job fairs, open houses, media promotions, and other activities that attracted or referred women and minorities to the employment opportunities that the job site would offer. Pre-apprenticeship and training programs helped women and minorities move into apprenticeship programs and jobs. The oversight committee designed a system to track on a monthly basis the numbers of women and minorities that are in apprenticeship programs or hired by contractors working on the SNS Project. In 2002 the project exceeded the minimum established for minority employment and recorded significant progress toward the minimum for women employees. The partnership established as the SNS Mega Construction Project Oversight Committee was selected as a finalist for the TLMC 2002 Award of Excellence.¹⁸

Concluding Comments

This article has presented just a few of the labor-management partnerships across Tennessee that are producing innovations in the traditional labor relations model. It is difficult to predict the staying power of these labor-management partnerships. Is a new model of cooperation between labor and management emerging to address the problems in today’s labor markets and global economy, or is cooperation a temporary phenomenon that will have a limited impact on labor relations in Tennessee? Only time will tell, but the companies and unions who have participated in these successful labor-management

partnerships are their biggest advocates. They point to the innovations and improvements in decision-making, product design, safety, productivity, employee morale, and the bottom line. In a period when some companies are fighting for their existence and when many employees find their jobs dehumanizing and unrewarding, it is a model and an approach that offers both hope and possibilities. ■

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Notes

1. William H. Holley, Jr., Kenneth M. Jennings, and Roger S. Wolters, 2001. *The Labor Relations Process*, 7th edition, South-Western, pp. 255-264.
2. Arthur A. Sloane, and Fred Witney, 2004. *Labor Relations*, 11th edition, Pearson Education, Inc., Prentice Hall, p. 88. Also see *Electromation, Inc.*, 309 N.L.R.B. 990 (1992) and *Crown Cork and Seal*, 334 N.L.R.B. (2001).
3. Holley, *The Labor Relations Process*, pp. 260, 261.
4. Tom Juravich, “Empirical Research on Employee Involvement: A Critical Review for Labor,” *Labor Studies Journal* 21 (Summer 1996), pp. 63-68.
5. Saul Rubenstein, Michael Bennett, and Thomas Kochan, “The Saturn Partnership: Co-Management and the Reinvention of the Local Union,” *Employee Representation*, Industrial Relations Research Association Series, 1993, p. 368.
6. Discussion of management and labor officials at Saturn with the Advisory Committee, Tennessee Labor Management Conference, January 16, 2004.
7. Presentation of Visteon and the UAW to the 2003 Tennessee Labor Management Conference.
8. Application for the 2003 Tennessee Labor Management Conference Award of Excellence.
9. “Nashville Glass Plant Wins Award of Excellence for Business Partnering,” *Nashville Glass Reflections*, Volume 45 (December 2003), p. 1.
10. Application for the 2002 Award of Excellence, Tennessee Labor Management Conference.
11. Judge’s visit to Cummins Diesel Recon in the review process for the 2002 Tennessee Labor Management Conference Award of Excellence.
12. Application of Cargill, Inc., and the United Food and Commercial Workers, Local 515, for the 2003 Pioneer Award, Tennessee Labor Management Conference.
13. Ibid.
14. Review of the BNFL-ETTP submission for the 2003 Award of Excellence, Tennessee Labor Management Conference.
15. Information included as a part of the BNFL-ETTP submission and review.
16. Ibid.
17. Application of the Atomic Trades and Labor Council and UT-Battelle for the 2003 Horizon Award, Tennessee Labor Management Conference.
18. “SNS Mega Construction Project Oversight Committee, Spallation Neutron Source,” materials submitted for the 2002 Award of Excellence, Tennessee Labor Management Conference.

A Working History of Tennessee

MTSU and the TNCLMR have joined forces to produce a history of Tennessee that focuses on the lives and experiences of working people from the 1850s to the present.

This history will track changes in economic growth and employment in the state and how those changes affected lives, institutions, and communities. “A Working History of Tennessee” will discuss these changes and experiences in the context of the music, art, and other social and cultural influences of the times.

“A Working History of Tennessee” will be the basis for educational materials designed to be used in secondary schools and colleges throughout the state. These will be presented in video and CD-ROM formats to attract student interest. The educators working on this project are anxious to receive information—photographs, newspaper articles, art, music, company or union histories, and any other materials that will help make this history meaningful to those studying Tennessee’s past and present. If you would like to provide materials for possible inclusion in this project or support it in any way, please contact Dr. Barbara Haskew at 615-898-5578 or bhaskew@mtsu.edu.