Pulling Together for Productivity: A Union-Management Initiative at US West, Inc.

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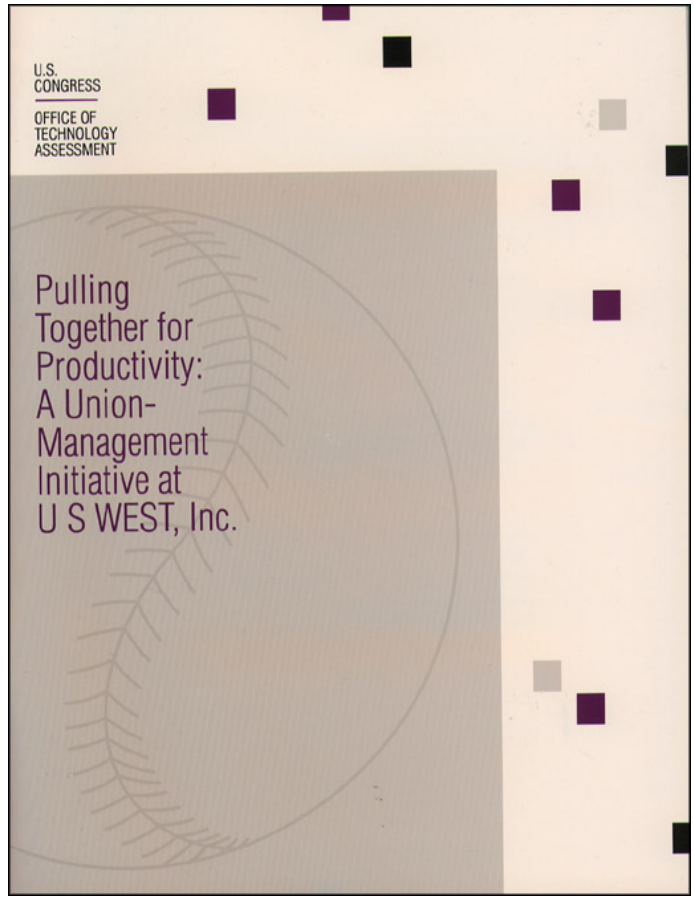

Foreword

During the current legislative session, Congress will be considering a variety of proposals to improve the competitiveness of U.S. companies. Although some U.S. companies compete by using technology only to simplify jobs and reduce labor costs, this Report is a case study which points to an alternative that benefits both workers and the firm.

In this Report, requested by the Senate Subcommittee on Foreign Commerce and Tourism and the Senate Subcommittee on Science, Technology, and Space, OTA finds that the Home and Personal Services Division of U S WEST, Inc. has increased revenues, eliminated unnecessary work, and improved customer service. These improvements in business performance resulted from a partnership with the two unions representing front-line employees—the Communications Workers of America and the International Brotherhood of Electrical Workers.

By implementing changes in technology and work processes suggested by joint union-management teams, the Home and Personal Services Division has improved worker morale as well as business performance, while workers' jobs and wages have been protected. A broad reorganization of customer service work designed by another joint union-management team will be implemented over the next three years. This reorganization promises to greatly increase customer satisfaction, potentially maintaining revenues in the face of increasing competition for residential telephone customers.

The title of this Report is intended to convey one of its central findings: labor, management, and society at large must pull together in the United States, or the social strains created by increasing domestic and international competition could pull the Nation apart. Working together, companies and workers can put the U.S. on the path to high-wage, high-productivity strategies.



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Summary and Policy Options

1

This 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?*[1], OTA identfied 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

[1] 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).

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 unneccessary 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 l-l).
- 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 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

Table 1-1. Chronology of Events in t he 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.

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 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.[2]
- 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.[3] 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



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.

[2]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.

[3]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 charnels 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.[4] 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 frost quarter of 1993.[5]

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.[6]

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

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4 *Employment and Earnings*, May, 1993, p. 47.

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

6 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.[1] From 1951 through 1990, telephone communications (Standard Industrial Code (SIC) Number 481) experienced average annual productivity growth of 6 percent per year.[2] 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 y 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. Overt he 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.[3] 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 871,400.4

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 1975to 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.[5]

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

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

3 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. dt., p. 3.

4 Bureau of Labor Statistics, unpublished data from Series EEU42481OO1.

5 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 developent 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.[6] Computer firms, cable television companies, and telephone companies are forming joint ventures and testing consumer response to such services in limited markets.[7] 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.[8] 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.S8 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 RBOCsS 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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6 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).

7 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.

8 "Bell Companies Tell Gore Government Policy Changes Would Allow $1 00 Billion increase in 'Infostructure' 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.[7] 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.[8]

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.9 In the unionized telephone industry, such pay differentials have been minimized.[10] 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.[11] 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 .12 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.[13]

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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[7] R. Spalter-Roti and H. HartmanrL ***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.

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

[9] 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.

[10] The pay differentials have not been el iminated; the 1990 wage for female workers was only 74.3 percent of the $622 median weekly wage of nonsupervisory male telecommunications workers.

[11] Spalter-Roth and Hartmann, op. cit., p. 18.

[12] Spalter-Roth and Hartmann, op. cit., p. 18.

[13] 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 .14 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. [15]

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* [16] *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

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14 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.

15 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.

16 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
Issue Area A: Promoting Worker Involvement In Development and Deployment of Technology		
1. Adopt the National Competitiveness Act of 1993 (S. 4/H.R. 820) as amended to involve workers.	Involving workers may increase the benefits of technology.	Workers may lack expertise; worker input could slow technology deployment.
2. Adopt the Workers Technology Skills Development Act (S. 1020).	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. Extend Federal technology and work reorganization assistance, with worker involvernent, to the service sector.	Could improve productivity in services.	Size of service sector makes outreach costly, difficult.
issue Area B: Strengthening Support for Labor-Management Cooperation		
4. *Increase funding for the Federal Mediation and Conciliation Service (FMCS) grants program, authorized in the Labor-Management Cooperation Act of 197(P.L.* **95-524),** *and for the FMCS Preventive Mediation program.*	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.
Issue Area C: Expanding Worker "Voice" for Increased Productivity		
5. Establish Employee Participation Committees, where elected respresentatives would consult with the empioyers on training, technology deployment, productivity improvement, and employment security."	Creates voice channels for workers not represented by unions.	Unions and employers might oppose.
*6. Establish rnuiti-empioyerEmpioyee Participation Committees in small firms and the serivice sector.**	Improves job security and mobility ladders for workers, while making it easier for firms to locate qualified workers.	Linking employers may be difficult.
*7. Extend union representation.**	Expands channels for communication with management and helps assure workers that their interests will be protected if they partisipate in productivity improvement programs.	Wages and/or job protections won by unions could reduce domestic and international competitiveness of U.S.-based firms.
7a Make discharge for unionactivity subject to damage awards. "	Places rights to representation on a par with other employment rights.	Could lead to costly litigation.
*7b. "Instant" certification elections.**	Reduces scope for confrontational campaign tactics.	Some employers would object.
7c. *Permit supervisors to form their own independent unions.**	Encourages supervisors to act as middlemen and team builders rather than overseers.	Higher-level managers might oppose losing authority over supervisors.
7d. Foster "network unions" of workers in vertically **or** *horizontally linked firms.**	Discourages suppliers from competing with one another by cutting wages.	Shifting relationships among firms could make it difficult to define network unions.
	Promotes cooperation among workers in companies that do business with one another.	Use of "secondary pressure" could be a blunt instrument for cementing relationships.
8. increase labor-management *diaiogue by expanding the list of "mandatory" subjects of bargaining in the National Labor Relations Act.*	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 Asessment,** ***U. S.-Mexica Trade:*** **pulling Together or Pulling Apart?, OTA-ITE-545 (Washington, DC: U.S. Government Printing Office, October 1992), pp. 43-46.**

decisions about the development and deployment of technology.

Option I: 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-consurning, 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. [17] 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.[18]

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

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

18 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 fins. 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 .19 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-

19 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.

priated about $1 million annually for the program.m. 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.[m]

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, en- improve ncouraged 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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20 *Federal Mediation and Conciliation Service* Grants Program: *FY 1981-FY 1989* (Washington, DC: FMCS, 1992), p. 4.

21 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, "22 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[23], and, in the second case, because the union was not involved in the creation of the committees.[24] 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?[25]

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.[26]

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.[27] And, even in these firms, employer-sponsored joint committees sometimes are short-lived. In nonunion fins, and in firms where unions are left out of worker participation processes, workers may not

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

23 309 NLRB NO. 139, Dec. 16, 1992.

24 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.

25 ''Commission On the Future of Worker/Management Relations Mission Statement,' (unpublished document from the U.S. Department of Labor).

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

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

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.[28]

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.[29]

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.[30] 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,

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 .31

U.S. workers and unions might also oppose creation of EPCs. A recent analysis of BLS data confims the anecdotal evidence of layoffs and declining job security for U.S. workers during the 1980s.[32] 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[33] 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.[34]

Option 6: Create multi-employer Employee Participation Committees in small firms and the service sector .35

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 fins. 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

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31 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.

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

33 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.

34 Rogers and Streeck, 1993, op. cit., p. 48.

35 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 fins. 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 fins.

Multi-employer EPCs[36] 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 fins. 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 example, 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.[37] 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-fde 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

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36 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.

37 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.

38 See U.S. Congress, Office of Technology Assessment *U.S. -Mm"co 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.[39]

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 horn 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.[41]

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 unifled.

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.

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

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

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

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.[42]

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 194546, management granted major economic concessions to unions, but refused to concede on the management rights issue.[43]

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 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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42 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.

43 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.

Labor, Management, and Unions

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This chapter provides context for the case study discussed in the following chapters and for the policy options that have been outlined in chapter 1. The cooperation of two unions, the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers @EW), with the management of U S WEST, Inc. has been critical in improving profitability at that company.

The chapter describes the changing fortunes of unionism and its decline in the workforce as a whole and in the telephone industry in particular. Some of the key laws and judicial decisions that have affected the ability of workers to organize are briefly summarized. The chapter then turns to some of the costs and benefits of unionism, and notes that the available evidence does not support the notion that unions are antithetical to technological change or responsible for such recent macroeconomic problems as declines in national levels of productivity or employment. These problems have arisen during a period of rapid decline in unionization.

At the level of the individual firm, unions are associated with reduced profits. However, unions are generally associated with higher productivity. The reasons for the link between unionization and higher productivity are unclear. For decades, U.S. unions focused primarily on winning wages and benefits for workers through adversarial collective bargaining and periodic strikes.[2] However, since the 1970s, unions have become increasingly involved in joint union-management efforts to increase

"...histricalexperienc in the U.S. and abroad is that work organization choices are closley related, and have important implications for, other economic and social policies."[1]

Ray Marshall
U.S. Secretary of Labor
1977-1981

[1] R. Marshall, ''Work Organization, Unions, and Economic Performance," in *Unions and Economic Competitiveness, (Armonk, NY:* M. E. Sharpe, 1992), p. 287.

[2] B. Bluestone and I. Bluestone, *Negotiating the Future: A Labor Perspective on American Business (New* York NY: BasicBooks, 1992), p. 16.

worker participation. Recent research suggests that such worker participation initiatives are more likely to create sustained productivity and profitability improvements for companies when a union is involved.

The chapter notes that, although unions are usually associated with higher productivity, when labor-management relationships are poor, unions are associated with neutral or negative impacts on productivity. Thus, the quality of the labor-management relationship appears to be the primary influence on how the presence of unions impacts company performance.

The chapter ends with a discussion of whether workers need more ways to engage in dialog with management.

THE CHANGING FORTUNES OF UNIONISM IN THE UNITED STATES

In the U. S., workers have formed labor unions primarily to change the balance of power between management and labor. U.S. unionism has waxed and waned since the last century. A 10-year boom-and-bust cycle began with the boom of crall unions in the 1880s and ended with a very steep decline in union representation in the 1920s. The onset of the Depression, accompanied by disillusion with big business and its leaders, changed the social and then the legal climate early in the 1930s and set the stage for another round of union growth. Congress passed the Norris-LaGuardia Act in 1932 and the National Labor Relations Act (NLRA; also known as the Wagner Act) in 1935 (box 2-l). John L. lewis created the Congress of Industrial Organizations (CIO), broadening unions beyond the craft unionism of the American Federation of Labor (AFL). Under his leadership and that provided by other highly effective organizers, labor unions grew again. With President Roosevelt's imprimatur, labor became associated with the Democratic party and the unions took on some of the voter organizing roles of faltering big city political machines.

After World War II, unionism declined again. The electorate was disillusioned by inflation and shortages. There were massive strikes, and in 1946, after 14 years of Democratic control, the Republicans gained the majority in both Houses of Congress. Congress passed the Taft-Hartley Act in 1947, which outlawed the organizing methods such as secondary strikes that had been successfully used in the 1930s, and which made the establishment of new unions more diffilcult (see box 2-l). By making secondary strikes and mass picketing illegal, Taft-Hartley reinforced the weak enforcement provisions of the Wagner Act. The judicial system also restricted union activities. In the 1969 *Boys Market case the* Supreme Court ruled to limit the legal period for strikes to the interval between contracts. In *Gateway Coal v. United Mine Workers in 1974, the Court* further restricted the justification for walkouts (box 2-1).3

As shown in figure 2-1, union membership in the U.S. declined gradually from 1950 to 1975 and then began to drop more sharply. The percentage of all unionized private sector workers fell from 31 percent in 1970 to 12 percent in 1989, and the percentage of unionized blue collar workers fell from more than 50 percent to less than 25 percent in the same period.[4] In 1992, only 11.5 percent of private nonagricultural wage and salary workers *belonged* to labor unions, while a slightly higher 12.7 percent of these workers were

[3] The above discussion draws heavily on T. Geoghegan ***Which Side Are You On? (New*** York, NY: Penguin Books, 1992).

[4] R. Freeman, "Is Declining Unionization of the U.S. Go@Bad, or Irrelevant?' in ***Unions and Economz"c Competitiveness, (Armonk,NY:*** M. E. Sharpe, **1992), p. 143.**

[5] Under the NLRA, majority unions are legally required to represent all workers within a bargaining unit whether or not they are union members. In right-to-work states or where negotiated as part of the bargaining agreement, individuals within the unit may choose not to join the union and not to pay dues. Thus the fraction of workers represented by unions is higher than the fraction of workers who are members. The percentages are from ***Employment and Earnings,*** vol. 40, no. 1, January 1993, p. 239.

Box 2-1. Major Laws and Judicial Decisions Affecting Organization of Workers in the United States Since the 1930s[1]

1932 Norris-LaGuardia Act

Severely limited the power of Federal courts to issue injunctions in cases involving strikes and other labor disputes. Prohibited enforcement of yellow dog contracts (pledges signed by workers that they would not join a union as a condition of employment). This Act facilitated the growth of the labor movement in America by eliminating earlier penalties that might be suffered by workers who participated in strikes, sit-ins, etc.

1935 National Labor Relations Act (NLRA; also known as the Wagner Act)

Established the right of workers to form unions, and created the National Labor Relations Board (NLRB) to oversee administration of the new law. Empioyers could stiil choose to voluntariiy recognize a union when a majority of workers favored one, and the new law provided a mechanism for resolving disputes when the position of the majority vis-a-vis representation by a union is in question. in such cases, the law requires campaigns and representation elections run by the NLRB in which workers vote whether or not to be represented by unions. The NLRB certifies a group of workers as an appropriate bargaining unit for election purposes.

This law specifies and prohibits unfair labor practices including employer interference with the right of workers to organize, establishment of empioyer-dominated organizations (e.g., company unions-internal groups organized and controlled by management), discrimination against union members, refusal to bargain, and discharge or discrimination against workers who file charges of violations of the act.

Sanctions for violations of this law are limited: enforcement requires petitions to the U.S. Court of Appeals. A worker fired for union activity is only due back wages, reduced by any wages that the NLRB determines that the worker should have earned in any jobs worked during the period before he or she is owed reinstatement (and it is incumbent on the worker to seek another job.

[1] Drawn from B. Bluestone and 1. BluestOne, *Negotiating The Future: A Labor Perspective On American Business (New York, NY:* Basic Books, 1992), R. B. Freeman and J. L. Medoff, *What Do Unions Do?* (New York, NY: Basic Books, Inc., 19S4), and T. Geoghegan, *Which Side Are You On? (New York, NY:* Penguin Books, 1992).

(Continued on next page)

represented by labor unions,[5] Union losses have been particularly great in the Midwest with the decline of such heavily unionized industries as steel and machinery. Losses in the Chicago area alone in the 1980s totaled more than 50,000 union members.[6]

Unionization in the telephone industry has followed a different pattern from the national trends, with mass organizing in the late 1940s and early 1950s, followed by less decline in recent years. Organizing began in the late 1800s, led by the National Brotherhood of Electrical Workers (NBEW), the predecessor to today's International Brotherhood of Electrical Workers (IBEW). The NBEW organized telephone operators as well as the telephone linemen whose skills were similar to those of the electrical utility and electrical construction workers that made up the majority of

[6] *T.* Geoghegan, *Which Side Are You On? (New York,* NY: Penguin Books, 1992), pp. 232-3.

Box 2-1. Major Laws and Judicial Decisions Affecting Organization of Workers in the United States Since the 1930s-Continued

Over the last two decades, employers have increasingly disputed union representation. Election campaigns, union certification by the NLRB following elections, and achievement of a collective bargaining contract have all taken an increasingly long time.[2]

1947 Labor-Management Relations Act (Taft-Hartley Act)

Outlawed mass organizing, including mass picketing, and secondary strikes (strikes against a business that is not the strikers' employer) outlawed closed shops (workplaces requiring that new hires already be members of a specific union) and allowed states to pass right-to-work laws. Created the Federal Mediation and Conciliation Service (FMCS), an independent Federal agency, to promote labor peace. Made unfair labor practices enforceable against unions as well as employers. Required the NLRB to seek injunctions from the courts for union violations. Penalties were substantial-treble damages and jail. Collective bargaining agreements were now considered legal contracts, making unions responsible enforcing compliance of their members with the terms of the agreement. Suits could be brought against unions whose members went on strike when an agreement containing a no-strike clause was in force.

This law made methods used in the 1930s to organize major industries such as steel and automobiles illegal.

1959 Landrum-Griffin Act

Mandated democratic practices in unions by requiring elections at fixed intervals. Guaranteed union members opportunity to nominate candidates and run for office and prohibited use of union funds to support electlon of a particular candidate. Required disclosure of union finances and constitutional provisions, as well as disclosure of the financial status of union leaders.

This Act mandated democratic practices within unions but neither facilitated nor inhibited efforts to organize workers into unions.

1969 *Boys Market Case*

Supreme Court ruled to enforce no-strike clauses in contracts, even if these clauses were only implied. Effectively, Boys Market made strikes by union workers illegal except in the brief period between labor contracts (which are generally negotiated for three- or four-year periods).

1974 *Gateway Coal v.* UMW

Supreme Court continued the trend of Boys Market. Required miners to continue working even when there are safety lapses. Walkouts allowed only in emergency conditions.

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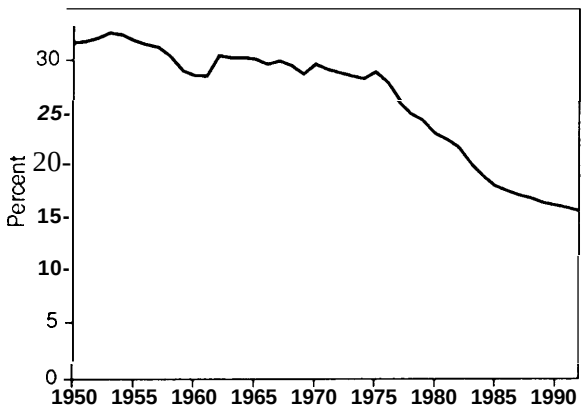
2 In contrast to the 1960s, when most employers agreed to consent elections, most employers now demand stipulated elections. Stipulated elections require the NLRB to resolve unfair labor practice challenges to the election at the national level, and most take more than two months to complete. Richard Prosten and Sheldon Friedman, "How Come One Team *Still* Has to Piay With its Shoelaces Tied Together?" paper presented to the industrial Relations Research Association Spring Meeting, Seattle, Wash., April 29,1993.

Figure 2-1. U.S. Union Density 1950-1992
Nonagricultural Wage and Salary Workers



SOURCE: J. Rogers and W. Streeck, "Workplace Representation Overseas: The Works Councils Story," paper presented to the Working Under Different Rules Conference, Dirksen Senate Office Building, Washington, DC, May 7, 1993. Data from Troy and Sheflin, Appendix A: Employment and Earnings.

its membership.[7] However, organizing was slowed due to internal divisions within the union between 1908 and 1914, and by the antiunion backlash following World War I.

During the 1930s, in response to organizing drives by the IBEW and unions affiliated with the CIO, American Telephone and Telegraph (AT&T) and many of the local Bell telephone operating companies created internal employee associations, or company unions. After passage of the NLRA, independent telephone unions challenged the existence of these associations before the NLRB and won. For example, an NLRB ruling in the early 1940s ordered the dissolution of the Southern Association of Bell Telephone Employees.[8] Subsequently, employees of most of the companies voted to join unions affilated with the National Federation of Telephone Workers (NFTW). Although the NLRB certified these unions, the companies refused to bargain with them. Finally, in 1947 the NFTW launched a nationwide strike against the Bell System, and the companies agreed to negotiate. After the strike, the NFTW changed its name to the Communications Workers of America (CWA). By 1950, most nonsupervisory workers in the telephone industry were represented by unions.

Today, unionization in the telephone industry remains quite high compared with the national average. CWA represents about 410,000 telephone workers nationwide, while the IBEW represents about 82,500. As shown in figure 2-2, these totals reflect a decline from representing 63 percent of the workforce in 1983 to 47 percent in 1991 (the percentage of workers who were union members fell from 56 percent in 1983 to 43 percent in 1991).[9] This decline reflects both the rapid growth of nonunion telephone companies since divestiture, and the creation of nonunion subsidiaries by AT&T and the RBOCs as they enter unregulated business markets. The decline is not due to a change in occupational structure toward more supervisory workers who are not eligible to join unions under the NLRA. As shown in figure 2-3, the percentage of employees in the telephone industry counted as nonsupervisory held constant from 1983 to 1991.

Although unionization has declined in all major industrialized countries, union density levels in Europe and Canada reached much higher levels and declined much less than in the U.S. (figures 2-4 and 2-5). Union membership is especially high in some of the Scandinavian countries, Unionization of nonagricultural workers stood at 85 percent or more in Sweden, Finland, and Denmark and 61 percent in Norway in 1986-87. In comparison, union membership of nonagricultural workers in the U.S. dropped from 31 percent in 1970 to 17 percent in 1986-87.

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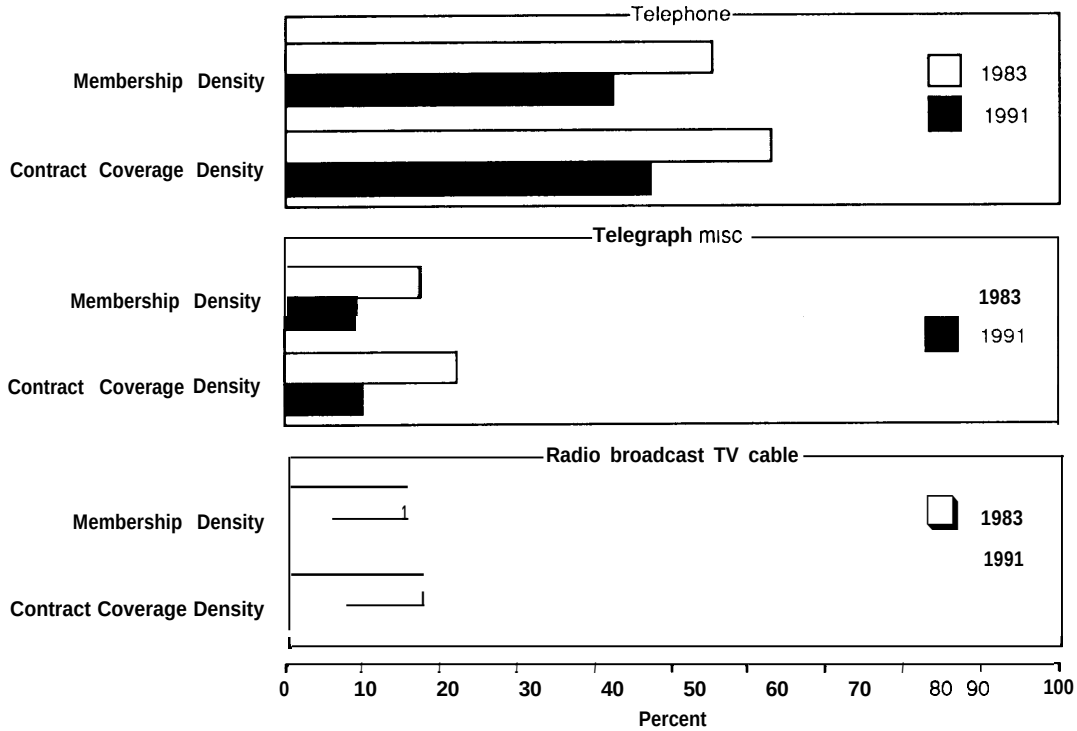
[7]" The Electrical Workers Story. " (Washigton, DC: International Brotherhood Of Electrical Workers 1990), P. 22.

[8]R. Batt ,'Work Reorganization and Labor Relations in Telecommunications Services: A Case Study of Bell South Corporation" draft paper prepared for the Sloan School of Management, Massachusetts Institute of Technology, June 1993, p. 17.

[9]The data set used to obtain these figures are described in B. T. Hirsch and D. A. MacPherson ''Union Membership and Coverage Files from the Current Population Surveys: Note, " ***Industrial and Labor Relations Review, vol. 46,*** no. 3, April 1993, pp. 574-577.

Figure 2-2. Contract Coverage and Union Membership Densities in the Communications Industries, 1983 and 1991



SOURCE: Described in B. T. Hirsch and D. A. MacPherson, "Union Membership and Coverage Files from the Current Population Survey: Note," *Industrial and Labor Relations Review,* vol. 46, no. 3, April 1993.

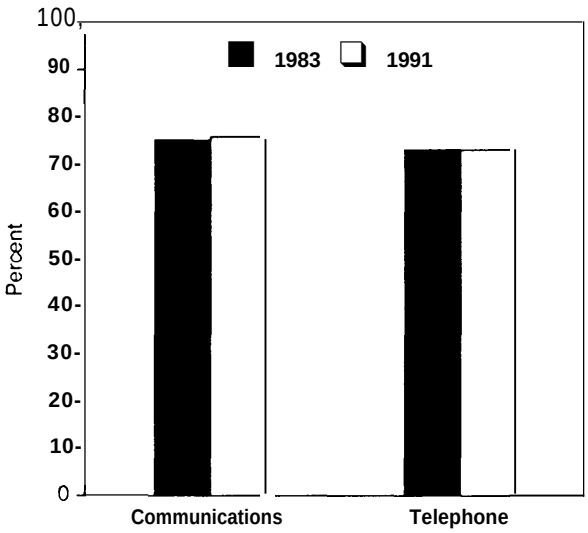
Union membership has also declined somewhat in Japan but the drop is considerably less than in the U.S. As figure 2-5 shows, union membership in Japan dropped from 35 percent in '1970 to 28 percent in 1986-87.[10]

Several factors, including changing industry structure and workforce demographics, employer opposition, and weak penalties for violation of labor laws, have contributed to the steep decline in union membership in the U.S. over the last 20 years. Changing industry structure has contributed to the decline as major U.S. manufacturing industries that were heavily unionized, such as autos and steel, shut down plants and laid off workers, while traditionally nonunion service industries and occupations grew. At the same time, unions have traditionally been dominated by men, whereas the workforce is increasingly female. However, numerous studies have found that shifts in industrial and occupational structure and employment of women account for no more than one-quarter to one-third of union growth or decline in the U. S., Canada, Japan, and the United Kingdom.[11] The membership of CWA is slightly more female than male.

10 R. Marshall, ' 'Work organization, Unions, and Economic performance, '' in ***Unions and Economic Competitiveness, (Armonk NY: M.*** E. Sharpe, 1992), p. 298.

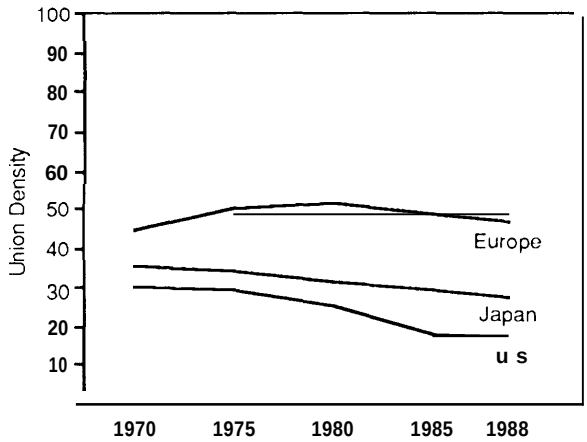
11 G.N. Chaison and J.B. Rose, ''The Macrodeterminants of Union Growth and Decline,' in G. Strauss, D. G. Gallagher and J. Fiorito, eds., *The State of the Unions* (Madison, Wisconsin: Industrial Relations Research Association 1991), p. 16.

Figure 2-3. Percent Nonsupervisory Workers in the Communications Industries and in Telephone Alone



SOURCES: U.S. Department of Labor, Bureau of Labor Statistics, *Supplement to Employment and Earnings,* August 1989, pp. 207-208 for 1983 data; U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings,* August 1992, p. 143 for 1991 data.

Figure 2-4. Trends in Unionization, 1970-1988 Europe, Japan, and the U.S.



NOTE: Europe includes Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, and the U.K. Last shown U.S. union density is for 1990.

SOURCES: J. Rogers and W. Streeck, "Workplace Representation Overseas: The Works Councils Story," paper presented to the Working Under Different Rules Conference, Dirksen Senate Office Building, Washington, DC, May 7, 1993. Labor force data from The *Economist, Book of Vital Statistics,* 1990, pp. 194-195; union density data form J. Visser, 'Trends in Union Membership," *OECD Employment Outlook,* July 1991, pp. 97-134.

One hypothesis is that the difference between the U.S. and other countries in unionization rates might be due to less interest in unions among U.S. workers. For example, surveys show that Canadian workers express a higher overall demand for unions than their U.S. counterparts.[12] However, the same surveys show that about 70 percent of the difference in unionization rates between the two countries can be explained by lack of supply—that is, a large fraction of U.S. workers express a desire for union jobs, but are unable to obtain them. That there is an unmet demand in the U.S. for union membership is confirmed in other survey research showing that union representation is desired by 30 - 40 million nonunion American workers, compared to the approximately 16 million workers who are now members of organized labor. When the question is framed more as a query for or against representation rather than desire for union membership per se, the number of workers who feel they suffer from a representation gap grows to about 80 million.[13]

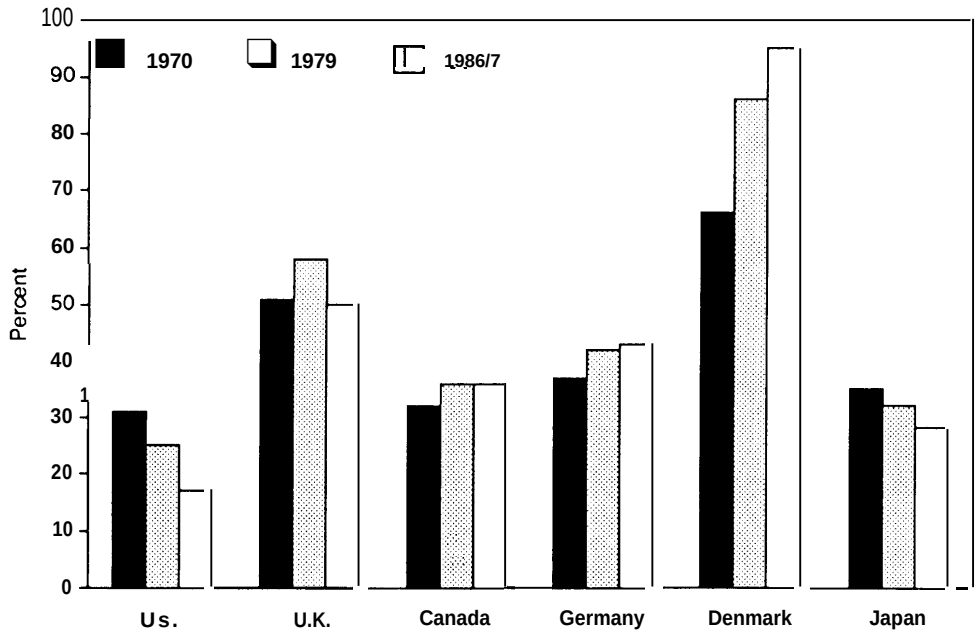
Comparisons of unionization with Canada are particularly interesting, because the two countries share a similar culture and living standards, and because their economies are closely linked.[14] Although union representation in the two countries followed a similar trend from the 1920s through the 1950s, Canada did not follow the

12 W. C. Riddell, "Unionization in Canada and the United States: A Tale of Two Countries," in D. Card, "Small Differences that Matter: Labor Market Institutions, Policies, and Outcomes in Canada and the United States," paper presented at Working Under Different Rules Conference, Dirksen Senate Office Building, Washington, DC, May 7, 1993, p. 21.

13 See 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. 2, footnote 3 for the polls providing data that support these statements.

14 D. Card, "Small Differences That Matter: Labor Market Institutions, Policies, and Outcomes in Canda and the United States," Op. Cit., p. 1.

Figure 2-5. Nonagricuitural Union Membership as a Percentage of All Nonagricultural Wage and Salary Employees from 1970 to 1986/7



SOURCE: R. Marshall, "Work Organization, Unions, and Economic Performance," in *Unions and Economic* Competitiveness (London, England: M. E. Sharpe), 1992, p. 298.

subsequent pattern of sharp decline in the U.S. During the 1960's through the 1980s, union representation in Canada continued to rise, and by 1989, Canadian union density was 36.2 percent, double the U.S. rate. The divergence in unionization rates is due to differences in labor laws, employer opposition, and union organizing activity between the two countries.[15] The Canadian system relies largely on signed membership cards for union recognition. Where a vote is necessary, it is expedited. In contrast, the U.S. certification process requires election campaigns, which can be lengthy.

In the U. S., employers can delay elections; for example, by disputing the union's definition of the bargaining unit, which must be accepted by the NLRB before workers can vote on whether or not to unionize. Analysis of about 200,000 NLRB elections between 1962 and 1991 (more than 95 percent of the representation elections held in this period) showed that union victories dropped on average about 2 percent/month through the first six months of delay. When less than a month elapsed between filing and election, the union won 57 percent of the elections; the percentage dropped to 47 percent when the election occurred between five and six months after petition.[16] Free speech rights give employers access to workers both individually and in groups to argue against unions whereas union organizers can be prohibited from entering the property of employers whose workers they wish to unionize.[17] In a recent Supreme Court decision (Lechmere), employers have been allowed to deny organizers

15 Murphy, 1988; Chaison and Rose, 1990, cited in Chaison and Rose, op. cit., p. 21.

16 R. Prosten and S. Friedman, "How Come One Team *Still* Has To Play With Its Shoelaces Tied Together?," paper presented at Industrial Relations ResearchAssociation Spring Meeting, Seattle, Wash., Apr. 29, 1993, p, 7.

17 R. Prosten and S. Friedman, 1993, Op. Cit., p. 12.

access to areas of company premises open to the general public, such as shopping center parking lots.

Penalties for employers who violate the Wagner Act by firing workers because they express support for unionization are light-such workers are entitled only to back pay reduced by an amount that the NLRB determines the worker should have earned in any jobs the worker obtains in the period before reinstatement. One recent estimate is that 1 in 20 of those who express support for the union is fired.[18] Finally, union victories in elections do not invariably result in collective bargaining contracts. After election of a union, 22 percent failed to secure such an agreement and a further 13 percent were only briefly covered.[19]

THE COSTS AND BENEFITS OF UNIONS

Orthodox economics holds that unions reduce market allocative efficiency by driving wages above free market levels, which in turn reduces employment below free market levels.[20] However, most recent studies find unions are associated with higher productivity, offsetting at least some of the costs of the higher wages that result from collective bargaining. Neutral or negative effects on productivity associated with unions generally occur when labor-management relationships are poor. Thus an important factor in evaluating the costs and benefits of unions appears to be the relationship between workers and management; the quality of that interaction influences whether a union will enhance or diminish productivity.[21]

Although collective bargaining increases wages beyond market levels, some analysts argue that some market inefficiency may be an acceptable price to pay for the social benefits that unions can provide. Among these are the tendencies of unions to stabilize the workforce by lowering turnover and to foster savings because union workers tend to favor fringe benefits such as pensions and health insurance. Unions tend to lower wage inequality associated with racial or gender differences, between labor and management, and across firms involved in similar business,[22] As noted in chapter 1, male-female wage differentials in the unionized telephone industry are much lower than in nonunion service sector industries.

Another effect of unionism is reduced profits, whether or not wage increases are offset by increases in productivity.[23] Futher, expenditures for R&D, a significant factor in future competitiveness, have been found to be lower in union plants. One reason for the reduced R&D expenditures may be that unions are more common in less research-intensive industries; or it could be that the lower profits associated with union plants mean that fewer dollars are allocated to R&D.

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18 P.C. Weiler, *Governing the Workplace: The Future of Labor and Employment Law*, (Cambridge, Mass.: Harvard University Press, 1990), p. 238 or 239.

19 R. Prosten and S. Friedman, 1993, Op. Cit., p. 15.

20 The effect of unions on wages has been called the "monopoly wage" face of unionism and it has been contrasted with the Collective voice face of unionism. (See R. B. Freeman and J. L. Medoff, *What Do Unions Do? (New* York, NY: Basic Books, Inc., 1984)). Monopoly wage terminology is not used here because unions do not meet the criteria of true monopolies. (See Lipsky and related discussion in P. A. Greenfield and R. J. Pleasure, " 'Representatives of Their Own Choosing': Finding Worker Voice in the Legitimacy and Power of Unions, " draft for inclusion in B. Kaufman and M. Kleiner, eds., *Employee Representation: Alternatives and Future Directions* (Madison: Industrial Relations Research Association 1993, p. 18.)

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

22 See R. B. Freeman and J. L. Medoff, *What Do Unions Do?* (New York, NY: Basic Books, Inc., 1984) and R. B. Freeman, 1992, Op. cit., pp. 143-169.

23 D. Belman, "Unions, the Quality of Labor Relations, and Firm Performance, " in *Unions and Economic Competitiveness,* (Armonk, *NY:* M. E. Sharpe, 1992), p. 70.

The effects of unionism on nonunionized workers appears to be x-nixed. That the social benefits of unionism spread beyond unionized plants is clear from some of the Japanese transplant auto companies. One way that management counters attempts to organize some of the transplants is to provide the same wages and benefits found in UAW plants. Thus, in highly unionized areas, the effect of unions on wages tends to spill over to workers who are not unionized. One estimate is that wages of nonunion workers in the same geographic area increase about 5 percent for every 10 percent increase in those who are unionized. On the other hand, there is also some evidence that nonunion females and nonunion minority males experience higher levels of unemployment and/or lower wages in a unionized area. The net effect of unionization on the nonunion workforce is unclear.[24]

It has been argued that unions inhibit introduction of new technology, but the available evidence on this point is negative. The presence of a union seemed to have no effect on technological innovation in textile machinery, computerized technology, microelectronic applications, or advanced manufacturing technology, based on data collected in the U. S., Britain, and Canada.[25]

There is no evidence that unions have been responsible for recent U.S. macroeconomic problems of unemployment and inflation. Indeed, these have increased while union membership has declined.[26]

A significant benefit that a union can provide is a channel of communication with management; that is, a collective voice for workers.[27] At minimum, this communication may provide means to resolve differences and an alternative to quitting the job when a worker is very dissatisfied. In the best situations, a union gives workers a means to work cooperatively with management to solve workplace problems.

Over the past two decades, unions have increasingly used their worker voice role to improve their members' employment security and wages by cooperating with companies for improved competitiveness. Such cooperation is a departure from unions' traditional adversarial role in collective bargaining, and some union leaders continue to view management as the enemy. Nevertheless, joint labor-management programs have now been established at approximately half of all unionized workplaces.[28] Embracing the collective voice role, the Amalgamated Clothing and Textile Workers Union has helped Xerox rebound from near bankruptcy to win the Malcolm Baldridge quality award in 1988 and double its share of the U.S. copier market by 1992.[29] The American Flint Glass Workers, in a partnership with Corning, have dramatically improved ceramics quality. The UAW, in cooperation with NUMMI and Saturn, is producing high quality cars and gaining U.S. market share (see box 2-2). The CWA-IBEW-US WEST initiative described in the rest of this report adds to the growing number of successful union-management partnerships.

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24 R. B. Freeman and J. L. Medoff, 1984, op. cit., pp. 158-161.

25 J. H. Keefe, "Do Unions Hinder Technological Change?" in *Unions and Economic Competitiveness*, (London, England: M. E. Sharpe, 1992), p. 112-124.

26 R. Freeman, 1992, op. cit. p. 154.

27 Freeman and Medoff, op. cit., p. 6.

28 E. Appelbaum and R. Batt, *High-Performance Work Systems: American Models of Workplace Transformation*, (Washington, DC: Economic Policy Institute, 1993), p. 51.

29 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), p. 44.

Box 2-2. NUMMI and Saturn: Two Successful Worker Participation Initiatives

California-based New United Motor Manufacturing Inc. (NUMMI) arose from an auto plant closed by General Motors Corporation (GM) in 1982 because it was not competitive. The Fremont, California plant's productivity ranked among GM's poorest, quality was low, and absenteeism, drug and alcohol abuse high. Strikes and sickouts closed the plant four times between 1963 and 1982 and the grievance backlog often numbered more than 5,000. In a joint GM-Toyota venture, the plant was reopened in 1984 to produce Toyota Corollas under the Nova name. Under an agreement with the UAW signed in September 1983, 85 percent of the workers were selected from those laid off from GM-Fremont. By 1986, productivity at NUMMI exceeded that of any GM plant and nearly equaled Toyota's Japanese plant. Quality was also the highest among GM plants, approximating the Japanese level.

Critics of union-management cooperation at NUMMI have described the system in 1988 as management by stress.[1] They argued that Toyota controlled the joint venture, that team leaders were selected by the company based on their attitudes and willingness to convince workers to adopt company goals, that the pace on the assembly line was too fast, and that the company put undue pressure on workers to achieve perfect attendance. Their study of the plant also suggested that union representatives lacked adequate time to conduct union business and that the problem-solving procedure (which is used instead of a grievance procedure) worked in favor of management.

Despite these criticisms, the majority of UAW--represented NUMMI employees continue to support the joint venture. Today, absenteeism has dropped from between 20 and 25 percent to between 3 and 4 percent, while participation in the employee suggestion program has grown from 26 percent in 1986 to 92 percent in 1991. The fraction of workers describing themselves as satisfied or very satisfied[2] in response to company surveys has risen steadily to more than 90 percent.

The contradiction between the criticisms and workers' apparent satisfaction may be explained in part by several factors. First, management has honored its commitment to a no-layoff policy included in the original contract with the UAW. In 1988, poor sales of the Nova brought capacit y utilization down to 60 percent. Instead of being laid off, workers were given training[3]. The Nova was phased out, and the plant began building Corollas, Geo Prizms, and, beginning in late 1991, Toyota trucks. This kind of employment security was a welcome change to the workers who were laid off between the closing of the GM-Fremont plant in 1982 and the opening of NUMMI in 1984.

Second, the union protested management's selection of team leaders, and union and management negotiated a joint union-management selection process, based on objective tests and performance criteria. Finally, and perhaps most important, management recognizes that sustained productivity and continuous improvement depend on workers' motivation. As a result, management and union continually discuss and negotiate decisions, primarily at the shop floor, but also at higher levels of management.[4] Thus, although the work is highly structured and standardized, along the lines of Taylorism,[5] worker motivation has been maintained. This is because analysis and structuring of the work

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1 M. Parker and J. Slaughter, *Choosing Sides: Unions and the Team* Concept (Boston, Mass: South End Press, 1988), p. 100.

2 p. S. Adler, "Time-And-Motion Regained," *Harvard Business Review*, Jan.-Feb. 1993, p. 99.

3 Ibid., p. *102.*

4 ibid., p. 108.

5 '~ay&ism," or the scientific management of work, involves breaking a job Into simple steps that can be performed in standardized ways. The terms derives from the time-and-motion studies conducted by Frederick W. Taylor in the early 1900s.

(Continued on next page)

Box 2-2. NUMMI and Saturn: Two Successful Worker Participation Initiatives+ontlnued

is done by workers who have been trained by industrial engineers in techniques of work analysis and improvement rather than by the engineers alone.[6]

The Saturn car is the product of GM's first new division in 66 years[7] and was a bold gamble, proclaimed at its inception as "the key to GM's long-term competitiveness, survival, and success.[8]" Saturn was explicitly undertaken to leapfrog the competition posed by Japanese auto makers. In this, it faced formidable obstacles, not the least of which was widespread belief among Americans that Japanese cars greatly exceeded the quality of cars made by American companies.[9]

In both NUMMI and Saturn, worker participation and Involvement are emphasized. In both companies, workers are grouped in teams that are responsible for organizing their work and setting standards for its accomplishment. In both, the number of job classifications is drastically reduced (from about 100 to 4 at NUMMI), as are management perks. workers at both plants are also assured a high level of job security.l"

Saturn has gone much farther than NUMMI in changing traditional labor-management relationships in the auto industry. Fundamental to this change is the greatly expanded role of the union, the United Auto workers(UAW). While at NUMMI union participation occurs mostly on the shop floor, at Saturn it occurs at all levels of management. Team leader Saturn are elected by workunitsorthmugh union designed elections while at NUMMI they are selected by union and management.11 Even formulation of the plan that led to Saturn involved extraordinary union participation beginning with the GM-U/WV Study Center that was formed in 1983 to identify new ways to build small cars in the U.S. The study group, or Committee of 99, consisted of 55 union members selected by the UAW and 44 from GM management. The group spent a year reviewing both technical questions and labor-relations issues in the U.S., Germany, Japan and other countries and developed the plan submitted to the GM Board and the leadership of the United Auto Workers that outlined production of the Saturn car.[12]

At the Saturn plant, the Committee of 99 implemented changes that covered the range of automotive industry corporate culture-from human resources to engineering. Innovations included consensus management, a platform system that replaced the traditional assembly line, a continually negotiable agreement that replaced the standard, fixed termination date collective bargaining agreement, and job security guarantees for at least 80 percent of employees. Union involvement in decision making is pervasive and includes hiring of workers as well as managers, training, engineering design decisions, selection of suppliers and subcontractors, selection of dealerships, development of advertising and marketing strategies, and recall decisions. All workers receive financial and cost

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6 P. S. Adler, op. cit., p. 97-103.

7 E. Cohen-Rosenthal, "Orienting Labor-Management Cooperation Toward Revenue and Growth," *National Productivity Review*, Autumn 19S5, p. 394.

8 J. B. Treese, "Here Comes GM's Saturn," *Business Week*, April 9, 1990, p. 56.

9 Ibid.

10 R. Marshall, "Work Organization, Unions, and Economic Performance, in *Unions and Economic Competitiveness*, (Armonk, NY: M. E. Sharpe, 1992), pp. 302-305.

11 Ibid, pp. 304.

12 B. Bluestone and I. Bluestone, *Negotiating the Future: A Labor Perspective on American Business* (New York, NY: Basic Books, 1992), p. 192; E. Cohen-Rosenthal "Orienting Labor-Management Cooperation Toward Revenue and Growth," *National Productivity Review*, Autumn 19S5, p. 394.

information, which enables everyone to participate in developing ways to increase efficiency and revenue generation.

As one pair of researchers summarized the Saturn experiment, "Nothing on the American scene in the field of labor-management relations compares with the Saturn project's sharp departure from the traditional mode of collective bargaining. Among the most penetrating modern day experiments in joint action at almost every level of managerial decision-making, it represents the most far-reaching innovative development in all U.S. industry."[13] Some analysts believe that the Saturn system, with worker participation at all levels, is more like worker participatory systems in Europe, and more viable in the U.S. than the Japanese-modeled system at NUMM1.[14]

One measure of success of Saturn is that in the year[15] after the car went on sale it ranked sixth in customer satisfaction, just below luxury cars costing three times as much.[16] In the 1992 Customer Satisfaction Index (aJ. D. Powers survey), Saturn was rated the best domestic nameplate in customer satisfaction and third among all nameplates.[17] Despite the company's sales success, the high costs of the advanced technology used in the plant, and high start-up costs made the division a net loss to GM until recently. In May 1993, Saturn achieved its first monthly operating profit.[18] Saturn management is determined to have the division at least break even, if not make a profit, during 1993.

13 B. Bluestone and I. Bluestone, *Negotiating the Future: A Labor Perspective on American Business* (New York, *NY: Basic* Books, 1992), pp. 200-201.

14 R. Marshall, op. cit., p. 305.

15 Saturn cars went on sale in October 1990. Jack O'Toole, UAW Advisor for People Systems, Saturn Corporation, telephone interview, June 10, 1993.

16 D. Woodruff, "AtSaturn, What Workers Want Is . . . Fewer Defects," *Business Week*, Dec. 2, 1990, p. 117.

17 Jennifer B. Graham, Community/Media Relations, Corporate Communications, Saturn Corporation, telephone interview, June 10, 1993.

18 N. Templin, "GM's Subsidiary Is Fighting for Its Future," *Wall Street Journal*, vol. 226, no. 116, June 16, 1993, p. B-4.

EMPLOYEE INVOLVEMENT PROGRAMS IN UNION AND NONUNION SETTINGS

Over the last several decades, the search for sustained productivity growth and profitability has driven both union and nonunion companies to try a variety of approaches to involve their workers in increasing productivity and quality. These approaches have included financial incentives, training programs, and a variety of worker participation programs, including job redesign, quality of worklife programs, quality circles, socio-technical systems, and total quality management. Overall, these approaches to increasing worker motivation and participation have caused only modest improvements in company performance, and have never spread widely across the national economy .30

Recent research suggests that the disappointing results of worker participation programs thus far may be attributed to their limited scale and depth. For example, skill-based pay, profit-sharing, and guaranteed employment security might motivate workers to contribute their ideas and effort, but without intensive training, they may lack the

30 T. Bailey, "Discretionary Effort and the Organization of Work: Employee Participation and Work Reform Since Hawthorne" (unpublished paper for the Sloan Foundation, 1992), p. 25.

skills to make a large contribution to company performance. And, if the company fails to also reorganize work, even highly skilled, motivated workers may lack an appropriate vehicle through which to make their contribution.[31]

Another factor in the lack of effectiveness of most such experiments may be that redesign and other worker participation programs in most U.S. companies are directed by management, with the help of technical experts, but with little or no input from front-line workers .32 One recent study identified two different types of worker participation: *consultative,* which gives workers a voice in management decisions; and *substantive,* which allows workers to make decisions over certain production issues. This study found that worker participation initiatives were more likely to produce long-lasting productivity increases when they involved substantive rather than consultative arrangements.[33] The presence of a union may encourage this more substantive worker participation.

Another study confirms that most employee involvement programs are ineffective; however, the presence of a union seems to increase their effectiveness. This work used a nationally representative random sample, stratified by size, of more than 1,000 large and small firms the U.S. machinery and metalworking sectors. The study used three indicators to evaluate the effects of the presence or absence of employee participation programs, the presence or absence of unions, and whether the firm was single or multibranch. The three indicators were: employment security of production workers; access of blue collar workers to acquisition and use of skills associated with new technology-a measure of access to training; and, efficiency as measured by lower machining time per unit of output. Across the two types of firms, they found that unions had either a neutral or positive effect on employment security while employee participation programs decreased employment security. Employee participation programs had a positive effect on training only if unions were also present in the firm On the critical question of whether manufacturing performance improved as a result of employee participation, they found that such programs made both single and mulitbranch firms less efficient, adding a third more production time per unit of output compared with plants having neither employee participation programs nor unions. The presence of a union offset the adverse effects of employee participation programs; the combination of a union and an employee participation program approximated the base case in both single and multibranch firms with neither unions nor employee participation programs. Unions alone significantly enhanced efficiency in multibranch firms but had little effect in single plant firms.[34]

The researchers noted that employee participation programs tend to be found in large, multi-unit organizations, perhaps to counter the effects of excess bureaucracy. However, they hypothesize, the collaborative employee participation programs themselves become part of the bureaucratic structure, taking time away from productive work without producing new methods and thereby adding futher to costs.

Another study supports these findings about the positive effects of unions on company performance. The study reviewed the literature on a variety of workplace innovations affecting work organization and employee compensation. The

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31 Ibid., pp. 32-39,

32 J. Alic, "Who Designs Work: Organizing Production in an Age of High Technology," *Technology and Society,* vol. 12, 1990, p. 316.

33 D, Levine and L.D. Tyson, "Participation, Productivity, and the Firm's Environment " in A. Blinder, cd., *Paying for Productivity* (Washington DC: Brookings Institution 1990), pp. 203-204.

34 M. R. Kelley and B. Harrison, "Unions, Technology, and Labor-Management Cooperation," in *Unions and Economic competitiveness,* (London, England: M. E. Sharpe, 1992), pp. 247-277.

innovations included quality circles, quality of worklife programs, team production systems, gainsharing, profit-sharing, and employee stock ownership plans. The researchers found that team production systems and gainsharing tended to have the strongest positive effects on company performance, while employee stock ownership, profit-sharing and quality circles tend to be least effective.[35] The more effective forms were more likely to be found in unionized companies. Only one of the less effective innovations, profit-sharing, appeared to be more common in a nonunion environment.[36,37]

Employee involvement programs have tended to focus on cost containment, but employees can also make a positive contribution to revenues by aggressively seeking sales, making suggestions for new products, and engaging in other activities that promote business growth.[38] As discussed in chapter 4, joint union-management committees at U S WEST have developed new products and are looking for new markets. In addition, the Saturn automobile manufacturing company described in box 2-2 supports the potential value of fully involving workers in all corporate activities up to and including strategic planning.

DO U.S. WORKERS NEED MORE VOICE?

An individual worker in the United States has few options when dealing with management. Only for workers with exceptional skills is the sole threat available, that of quitting, a significant one. Unions give workers an alternative to quitting when they find the conditions set by employers unacceptable by providing a collective voice to argue for better wages, hours, or working conditions.

In most advanced industrial nations, including Japan and most Western European countries, labor unions as mechanisms for collective bargaining over wages are supplemented by a second charnel for worker voice that institutionalizes rights of workers to collective participation in fins' broader production concerns and facilitates communication between labor and management. Inmost European countries, these second charnel mechanisms take the form of legislatively mandated works councils.[39]

There are several reasons to think that U.S. workers have inadequate voice, beyond simply pointing to the small percentage of the workforce that is represented by unions and the lack of any type of second channel mechanism. Some observers believe that, as one of the fundamental rights in a democratic society, workers should be able to participate in decisions that exert a major influence over their working lives. However, features of current U.S. labor law sometimes prevent such participation. In addition, the primary weapon at unions' disposal in an impasse with employers is

35 Gainsharing and profit-sharing are both bonus plans where corporate gains are shared with employees. The bonuses are based on Company profits in profit-sharing. In gainsharing, they are based on other measures of performance, such as improved productivity or quality. For more extended definitions of these and other forms of workplace innovation see the glossary in A. E. Eaton and P. B. Voos, ''Unions and Contemporary Innovations in Work Organization Compensation, and Employee Participation, in *Unions and Economic Competitiveness,* (Armonk, *NY:* M. E. Sharpe, 1992), pp. 208-210.

36 A. E, Eaton and P. B. Voos, ' 'Unions and Contemporary Innovations in Work Organization, Compensation and Employee Participation in *Unions and Economic Competitiveness,* (Armonk, *NY:* M. E. Sharpe, 1992), pp. 173-215.

37 Eaton and Voos conducted an extensive analysis of the literature. The measures of effectiveness varied *widely, depending* on those used by the primary researchers. Examples are reduction in the number of labor hours to build a car, reduced supervisory labor, and cost savings from work area and work redesign. Details are provided by Eaton and Voos.

38 E. Cohen-Rosenthal, ''Orienting Labor-Management Cooperation Toward Revenue and Growth, " *National Productivity Review,* Autumn 1985, p. 385.

39 J. Rogers and W. Streeck, ''Workplace Representation Overseas: The works Councils Story, " paper presented to the Working "id= Different Rules Conference, Washington, DC, May 7, 1993, pp. 1-2.

the right to strike, while workers in a nonunionized firm can only quit. Both threats are often ineffective, especially for low-wage workers in small establishments.[40] Options to increase worker voice are discussed in chapter 1.

[40] R. J. Adams, 'Universal Joint Regulation: A Moral Imperative," *in Industrial Relations Research Association Series, Proceedings of the Forty-ThirdAnnual Meeting, Dec. 28-30,* 1990, Washington, DC, pp. 319-323.

Bunts, Singles, and Hitting for a Home Run

3

Urider a Federal consent decree designed to eliminate the former national telephone monopoly, AT&T was divested of its local bell operating companies in 1983. Seven Regional Holding Companies, RHCs, including U S WEST, Inc., were created. Each RHC owns a Regional Bell Operating Company (RBOC) to provide telephone services. To prevent the re-emergence of telephone monopolies, the consent decree prohibited the RBOCs from several activities. Although some of these restrictions have been lifted, the RBOCS are currently prohibited from manufacturing telecommunications equipment, from providing long-distance service, from conducting research and development, and from providing video programming in their local service areas.

US WEST, Inc. includes both an RBOC-U S WEST Communications-and four much smaller unregulated subsidiaries involved in international ventures, cellular communications, financial services, and marketing resources (such as Yellow Pages). A total of 63,707 people were employed by U S WEST, Inc. at the end of 1992, and about 39,600 of these were covered by contracts with CWA and IBEW.[1] Most of the unionized workers are represented by CWA, but about 700 are covered by IBEW contracts.

Almost all of the unionized workers are employed by US WEST Communications. The one exception is U S WEST Direct, a subsidiary that publishes White and Yellow Page directories and employs about 500 union workers.

U S WEST Communications operates in 14 western States. It is made up of three regions, which were formerly Bell Operating

"W3 will be extremely sensitive to our existing customers, because we know that our greatest strength lies in holding onto our $8 billion revenue stream."

Tom Bystrzycki
Vice President
MaSS Mfukts and Operations
US WEST Communications

[1] Michael H. Cimini, Susan L. Behrmann, and Eric M. Johnson, "Labor-Management Bargaining in 1992," *Monthly*, vol. 116, no. 1, January 1993, p. 25.

Companies. The Eastern Region, formerly Northwestern Bell, includes Minnesota, Iowa, Nebraska, and North and South Dakota. The central region, formerly Mountain Bell, includes Idaho, Montana, Wyoming, Colorado, New Mexico, Utah, and Arizona. The Western region, formerly Pacific Northwest Bell, includes Washington and Oregon.

U S WEST is highly profitable with what was, until recently, a guaranteed revenue stream from its regulated telephone monopoly. Although the company reported a net loss of $614 million due to a change in accounting for projected retiree health care and disability payments in 1992, profitability returned in 1993.[2] During the first six months of 1993, U S WEST, Inc. earned $586.9 million in income, up 2.9 percent from the first half of 1992, and earnings per share of $1.41, up from $1.39 the previous year.[3] The company has steadily increased dividends and the value of the company's stock has more than doubled since divestiture.

The future earnings growth of US WEST Communications is threatened by saturation of telephone markets and increasing competition for local telephone service. Eight billion of the corporation's $10 billion total revenues in 1992 came from basic telephone services provided by US WEST Communications. Regulators in 35 States allow long-distance companies to compete for intra-State toll traffic, and new technology will soon make it easier for customers to choose long-distance carriers, rather than staying with the local RBOC. At the same time that they face increasing competition from long-distance companies, a September 1992 FCC ruling requires the RBOCs to allow competitive access providers (independent telecommunications companies) access to their networks, by allowing them to co-locate their equipment in the RBOC central office switching facilities. Other competitors include cellular companies and cable television companies (see box l-l). These competitors can offer lower cost services both because they use simpler, less expensive technology, and because they have lower labor costs (most are nonunion).

Residential customers served by the Home and Personal Services Division (HPS) generated $3 billion of U S WEST Communications' $8 billion in 1992 revenues. The company's customer surveys show that a large percentage of residential customers would switch to another company if it were available because they are dissatisfied with current service. Management estimates that the cost of wooing back a customer who has left the RBOC is four times as high as keeping that customer in the first place.

US WEST, Inc. has responded to growing competition for residential customers with a three-pronged strategy: improving customer service; reducing unit costs, both through work reorganization and by downsizing; and entering new markets. The most important new markets involve moving beyond basic telephone services to broadband transmissions of interactive audio and video messages (see box l-l.)

Front-line workers in HPS are critical, not only to the new service quality and productivity partnership, but also to sales of new products. Customer contact workers in HPS sell voice messaging, caller identification, and other enhanced telephone services. New products such as these generated approximately $136 million in 1992, a 30 percent increase over 1991.[4]

PRESSURE ON THE WORKERS

U S WEST's initial approach to managing its customer contact workers involved all three parts of the strategy mentioned above. About three-fourths of customer contact workers are employed

[2] *U S WEST Annual Report, 1992, p. 5.*

[3] U S WEST, Inc., ''Second Quarter Report, Quarter ended June 30, 1993,' p. 1.

[4] *US WEST Annuul Report, 1992, p, 5.*

by the Home and Personal Services Division, which employs about 5600 people overall. Although after divestiture, customer sales and service was increasingly important, and although national forecasts[5] project substantial job growth in telecommunications sales personnel over the 1991-2005 period, the Home and Personal Services Division reduced its workforce through attrition during 1989 and 1990.

In addition to downsizing, HPS tried a variety of approaches to increasing the productivity of its customer contact employees. These included measuring worker performance using narrowly defined performance indicators and restructuring jobs. Although these approaches did not improve business results, they did increase stress levels in the workforce, which, combined with a change in management in HPS and strong, active unions, ultimately led to a partnership.

The functions of customer contact personnel at U S WEST have changed over time.[6] Prior to the unification of three former Bell companies into U S WEST Communications in 1987, the structure of the business offices in the 14-State region varied. Some split sales and collections into different jobs, whereas in others these two functions were combined in a universal customer service representative (CSR). With formation of HPS as a single entity in 1987, the company decided to standardize the split between sales and payments. Business offices, also called customer service units, were divided into two groups—Residential Marketing Centers (RMCS), where CSRS focused on sales, and Credit Management Centers (CMCs) staffed by credit consultants (CCs) who focused on billing, defaults, and past due accounts (see figure 3-1).[7]

The company's decision to standardize the CC job and the CMCs reflects the traditional approach to work organization in the regulated telephone industry, which aims at improving efficiency by specializing each workers' tasks.[8] The decision also resulted partly from worker dissatisfaction.[9] Some CSRs were unhappy with the pressure to quickly sell a variety of products and with the lack of timely information and training to help them sell. They also disliked the pressure to stay available to a constant stream of incoming customer calls routed to each worker by the Automated Call Distribution (ACD) system.

In addition to meeting sales quotas, CSRS were expected not to deviate from weekly work schedules (even if the deviation involved spending more time with a customer when the worker was supposed to be on a scheduled lunch break), to negotiate collections according to complex guidelines, to minimize both the length of each call and the paperwork time needed away from customers after each call, and to answer a variety of questions regarding bills and service. First- and second-level supervisors measured workers compliance with these expectations by listening in on phone calls with employees and by checking computerized databases to see the status of each workers' sales and collections activities and their compliance with work schedules. Supervisors also verbally instructed workers to return quickly from breaks and to remain available to calls from the ACD. The company's expectations of the

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[5] George Silvestri and John Lukasiewica, ''Occupational Employment Projections, ' ***Monthly Labor Review,*** vol. 114, no. 4, November 1991, p. 65 and "Industry Output and Job Growth Slow into Next Century," Ibid., p. 53.

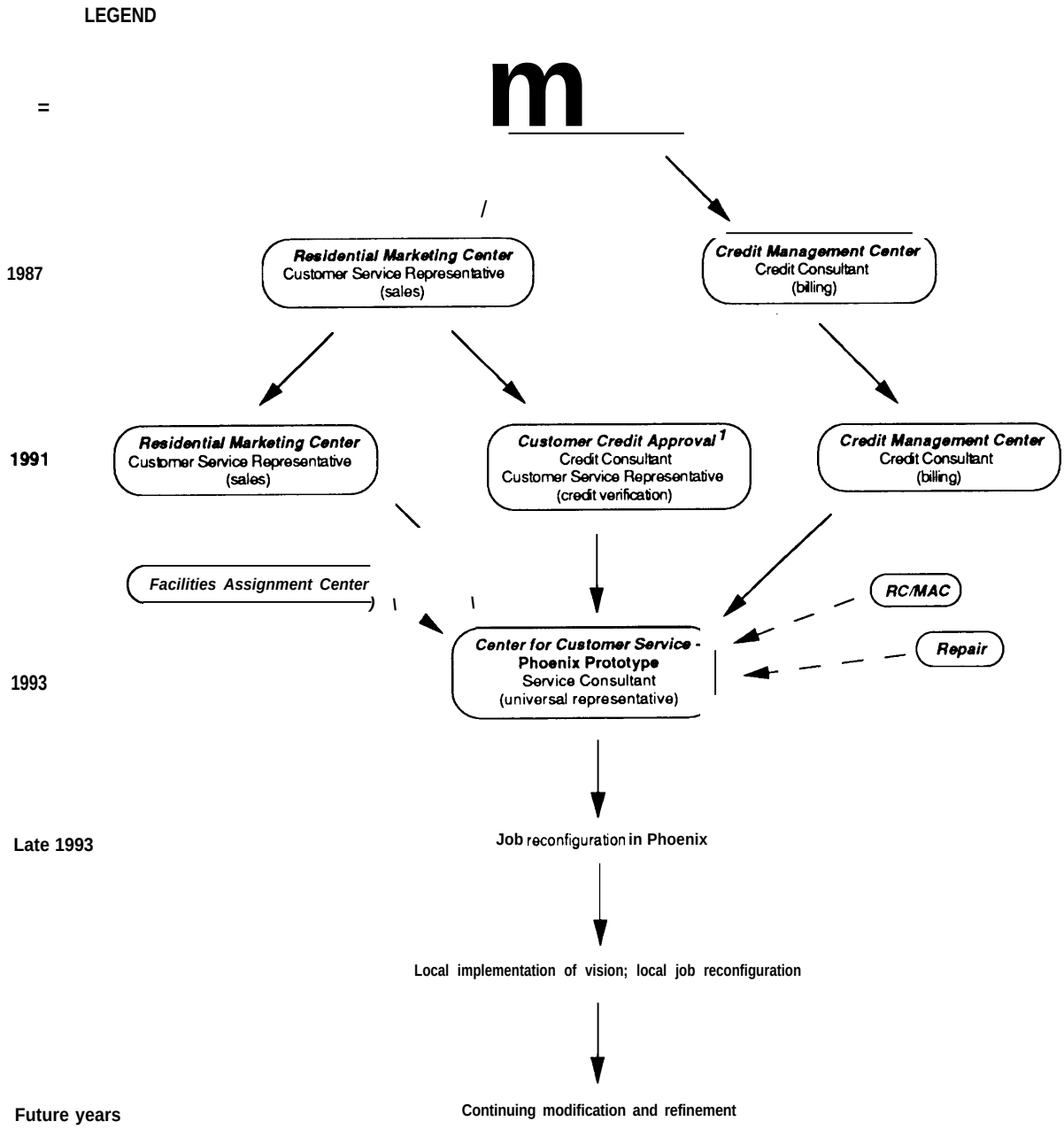
[6] Based in large part on a telephone interview with Rita Dozal, Director, Core Strategies, Home and Personal Services, U S WEST Communications, April 20, 1993.

[7] More recently, HPS has created yet another specialized customer contact job, which involves credit screening. This is discussed further below.

8 Rose Batt, ''Work Reorganization and Labor Relations in Telecommunications Services: A Case Study of BellSouth Corporation unpublished paper, June 1993, p. 14.

9 Linda Armbruster, CWA Co-chair, Job Design Team, personal communication April 15, 1993.

Figure 3-1. Evolution of Corporate Business Units, Job Titles, and Job Functions



1 Various names have been u~]nduding customer Credit Bureau and Customer Credit Authorization Center.

SOURCE: Office of Technology Assessment.

workers were reinforced in semi-annual performance appraisals. Workers who failed to meet standards were put on a plan of action, which required either improving their numerical performance or facing the possibility of dismissal.

In 1987, the new CC job was expected to be easier and less stressful than the CSR job, because the CCs would not be expected to meet sales quotas, and because they would spend less time being available to customers. The company thought that the CCs would spend more time making outbound calls to customers whose bills were in arrears and in processing accounts by computer and paper records. In the late 1980s, HPS was also focusing primarily on sales. Because the CCs would not generate revenues through sales, and because the job was expected to be less stressful, the new job was given a lower rate of pay than the CSR job. In some locations, workers were given a choice between the two jobs. However, in other locations, depending on staffing needs, workers were simply assigned to the new job. Some workers were required to continue doing sales work in the RMC, while others were assigned to do collections work in the new CMCs.

Following its creation in 1987, the CC job quickly changed from the initial vision. Customers with payment problems did not wait for a call from U S WEST, and soon CCs were accepting a stream of inbound calls, as well as initiating calls to obtain payments.

By 1991, HPS was in trouble on many of its business performance measures, and it was apparent that its overall management strategy was having unintended consequences. For example, when performance appraisals for both supervisors and front-line workers were based on minimizing the average length of time of incoming customer calls, some business office managers directed the CSRs to telephone the business office and immediately hang up to bring down the average call length.[10] And the separation of the RMC and CMC did not work as expected. The CSRs found themselves answering billing inquiries from those to whom they were trying to sell additional services, and the pressure to sell resulted in sales to persons that the CSRs suspected were likely to be poor credit risks.

Due to such sales and the lack of any credit screening process for new customers, HPS found that uncollectible payments, representing bills that remained unpaid for months, had tripled over the previous five years, reaching a peak of nearly $61 million in 1991. New employees were applying for transfers almost as soon as they were eligible to transfer to another job title (usually after six months).[11] The job was viewed as an undesirable but necessary stepping stone toward better work in U S WEST. Absenteeism was high, in part because of the pressures on the workers. The high turnover and absenteeism, combined with downsizing, caused HPS' access, or availability to customers, to decline. The company changed the measure from average length of incoming customer calls to percentage of calls answered within 60 seconds. By whatever measure, availability to customers was declining each year, and in 1991, only 50 percent of calls, on average, were answered within 60 seconds.

As a result of a new focus on collections and the joint union-management partnership, the jobs of customer contact workers changed again in 1992, and are currently in a state of flux. The jobs as they existed in downtown Phoenix in early 1993 are described in box 3-1.

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10 Winnie Nelson, Service Quality Consultant, U S WEST, "Understanding the Abolishment of Annual Performance Appraisals: A Summary of Dr. W. Edward Deming's Theories Applied to Annual Performance Appraisals in Home and Personal Services," unpublished paper, Phoenix, Arizona, no date, p. 5.

11 Karla Crabb, Area Vice President, CWA Local 7019, personal communication, Dec. 8, 1993.

Box 3-1: Current Customer Contact Jobs at U S WEST Inc.

In 1991, the Home and Personal Services Division (HPS) of U S WEST, Inc. created a new, specialized customer contact job, establishing Customer Credit Approval (CCA) groups, where customer contact workers checked the credit histories of new telephone customers and handled some of the billing-related questions that had been directed to Customer Service Representatives (CSRs). As a result, in Phoenix and other large cities there are now three specialized customer contact jobs. They are: the traditional CSR, who works in a Residential Marketing Center (RMC); the Credit Consultant (CC), who works on payments in a Credit Management Center (CMC); and a group of workers that runs credit checks in a Customer Credit Authorization Center (CCA).[1]

In the RMC, CSRs sit in sound-dampening cubicles, answering phone calls.[2] Each CSR has a computer terminal at his or her workstation. A sign overhead indicates how many customer calls are waiting for a response. On busy days, there maybe as many as 100 calls in queue, while slow days may see the number drop to zero. CSRs perform a variety of tasks, including new service and change of service orders, responding to billing inquiries, and arranging for disconnections and transfers of service. Billing inquiries and new service orders are the most frequent tasks. The complexity of the work is revealed in the steps needed to respond to new service orders. The CSR must access different computer databases, give a full disclosure of the alternative longdistance carriers, update credit information (such as the customer's place of employment), determine the customer's needs, sell additional services if possible, set the service delivery date (this may require checking a computer database), quote the correct prices, assign a phone number (which sometimes requires a call to the Facilities Assignment Center (FAC) to obtain a number), verify the order with the customer, and, finally, send the order for new service through a computer to various workers in the Network and Technology Services division, who establish service.

1 Even where State regulatory commissions have not approved creation of CCAs, this specializedjobetists. For example, in Des Moines, Iowa, specialized Credit Consultants run credit cheeks after service has been established, working in a Credit Verification Center (CVC).

2 the following paragraphs are based on the minutes of the Job Design Team, a site visit to U S WESTS downtown Phoenix office, on Feb. 18, 1993, and interviews with CSRS.

UNION AND COMPANY PRESSURES CONVERGE

Customer contact workers, both nationally[12] and at U S WEST, have reported high stress levels. This results from pressure to sell; increasing work volumes; myriad, narrowly-defined performance measures; and a feeling of having no control over their work. At U S WEST Communications, the downsizing in 1989 and 1990 added to already large work volumes. High sellers are currently rewarded by sales incentives ranging from mugs to Thanksgiving dinners (each additional volume in sales would add one more item—such as a pumpkin pie-to a free dinner), which some unionists refer to as trash and trinkets. Workers feel they have little control over their work, because the Automated Call Distribution system (ACD) automatically routes a new call to each CSR as soon as he or she is off the line with a customer.

In the late 1980s, union activists employed by AT&T began to organize national marketing

12 *charley Richardson,* "Impacts of Changing Technology in the Telephone Industry: Presentation and Initial Analysis of the Responses to a Questionnaire Distributed at the CWA Commercial Marketing Sector Conference,' unpublished mimeo from CWA, no date.

Box 3-1: Current Customer Contact Jobs at U S WEST Inc.-Continued

In the CMC, CCS accept incoming calls and make outbound calls to customers with payment problems. Atypical incoming call is from a customer who is unable to meet payment terms on an overdue bill. The CC accesses computerized billing systems to check the customer% balances and negotiates new terms. The new payment schedule, and any payments received, must be entered into the computer. The CC job changed dramatically during 1992. Today, the CC is allowed to negotiate the payment terms with the customer.[3] In t he past, t he CCS were evaluated on t he number of errors they made in adjusting customer balances accurately. However, because such errors were due primarily to variables under the control of management, such as the quality of training, HPS discontinued this and all other annual performance appraisals in early 1992.[4]

In the CCA, customer contact workers accept incoming calls from customers requesting new service, as well as transfers from CSRS who have determined that the potential customer has no prior credit history with U S WEST. The worker obtains information from the customer, and checks this information wit h computerized credit bureaus. Although the process seems straightforward, it is made difficult by the fact that customers will sometimes invent new names and addresses as they seek telephone service. If the worker is unable to verify the identify of the potential customer, the worker directs the customer to fax, or bring in person, proof of identification. These customer contact workers are sometimes jokingly referred toast he Sherlock Holmes group, because they try to separate fact from fiction.

Despite some changes in the jobs as a result of the work of the joint process improvement teams, some workers interviewed in early 1993 still reported stressful working conditions. One CSR described her job as having golden handcuffs, referring to the relatively high pay and benefits combined with the constant pressure from first-line supervisors to receive more customer calls.

3 Rita Dozal, Director, Core Strategies, Home and Personal Services, U S WEST Communications, Personal communication, Feb. 25, 1993.

4 Winnie Neison, "Understanding the Abolishment of Annuai Performance Appraisals: A Summary of Dr. W. Edward Deming's Theories Appiied to Annual Performance Appraisals at Home and Personal Services," unpublished mimeo, Phoenix, Ariz., no date, p. 3.

conferences, held in conjunction with CWA'S annual conventions, to discuss the problems caused by sales pressures, monitoring of workers, and other job pressures .13 CWA Local 7777, in Denver, agreed to host a marketing conference in the fall of 1990. Because of the local's location, and because of the high levels of dissatisfaction among U S WEST customer contact workers, this conference included a separate breakout meeting for U S WEST workers. The U S WEST group decided to mobilize against what they perceived as the sweatshop conditions in the business offices, putting pressure on U S WEST Communications in preparation for contract negotiations in 1992.[14]

As union discontent grew, the company launched a nationwide search for a new manager of HPS, who could turn the division around. Jane Evans assumed the post of Vice President and General Manager of HPS in April 1991. Evans

13 George Kohl, Research Director Economist, and Debbie Goldman **Research Economist Communication** KIIII~@iOIM Workers of America, interview, Feb. 17, 1993.

14 Karla Crabb, Area Vice President CWA Local 7019, interview, Dec. 8, 1992.

expressed her desire to work with the union and soon joined the Employee Involvement Quality Council (EIQC), a joint union-management board overseeing all employee involvement activities in HPS. At Jane Evans' first EIQC meeting, in June of 1991, the unions sent her a bouquet of black balloons and asked her to change the "sweatshop' ' conditions in the RMC and CMC. Her response was to ask the union representatives to the EIQC[15] to become her partners in changing those conditions.

That summer, Evans called top management together, and they agreed to focus their efforts on reducing uncollectible and improving availability to customers. Working with Lockridge Associates, a Boston consulting firm, Evans decided to try to make incremental improvements in work processes, rather than trying to completely overhaul HPS. She and the consultants dubbed these incremental process improvements Bunts and Singles, because of their focus on small achievements, rather than on home runs. She and other top HPS managers began to create joint worker-manager process improvement teams. However, the unions had no formal role in these teams.

CWA and IBEW were hesitant to accept Evans' proposal of a partnership. The local presidents on the EIQC were concerned about the future of their members' jobs and wages in the face of increasing competition and felt that participation in making incremental process improvements might eliminate their jobs.[16] They also wanted to ensure that nothing they did with HPS would weaken the job and wage protections that they had obtained throughout US WEST Communications in their 1989 contract. They consulted with their union bargaining agents who had negotiated the 1989 contract, and then created an ad hoc committee to help them draw up guidelines for a joint process that would benefit the union as well as the company.

At a September 1991 EIQC meeting, the local presidents brought the guidelines to Evans, with the full expectation that there would be no partnership because she would not agree to what they thought were impossible demands. These included a guarantee that no workers would be laid off or downgraded because of the Bunts and Singles processes. The local presidents also wanted to be sure that the other union locals and rank-and-file union members were in support of such a partnership, and stated that there would be no formal partnership without a ratification process.

To the unions' surprise, Evans agreed to meet every demand. On the critical issue of employment security, Evans had already taken a different approach from the rest of U S WEST Communications. She believed she could reduce costs through work reorganization (primarily through the Bunts and Singles process), and that if downsizing were necessary, it could be handled through attrition, given the high turnover rates in HPS. As discussed further in chapter 4, HPS stabilized staffing levels in 1991 and added positions in 1992.

On Nov. 6, 1991, the company and unions agreed to a Memo of Understanding formally initiating a joint union-management Operation Bunts and Singles (see table 3-l.) The following day, the union members of the EIQC presented the memo to a meeting of all local union presidents and the company and union bargaining agents who had negotiated the 1989 contract. The local presidents took the proposed memo back to their locals, and all of the CWA and IBEW locals voted to support it. After this ratification process, the memo took force. As shown in table 3-1, the agreement assured that there would be no layoffs or pay downgrades as a result of the process, that the terms of the collective bargaining agreement would not be changed, and that the unions would

15 At that time, and currently, the union members were Reed Roberts, President of the Phoenix l@, Karla Floyd, President of the Portland local, Randy Warner, President of the Salt Lake City local, and Jim Mahoney, President of the St. Paul, Minnesota local.

16 This paragraph is based on a conversation with Reed Roberts, President, CWA Local 7719, June 17, 1993.

Table 3-1. The HPS-CWA-IBEW Memo of Understanding

MEMO OF UNDERSTANDING
NOVEMBER 6, 1991
RE: Operation Bunts & Singles

The Home and Personal Services Market Unit has asked CWA to enter into a joint process to redefine the work done by the H&PS Service Representatives, Credit Consultants and their support groups based on customer needs. As that work is redefined, the jobs as they exist today may be redefined as well.

As a condition of Union participation, H&PS has agreed to the following parameters:

All activities related to Bunts&Singles will be done jointly including, but not limited to, Union involvement at all levels of aspects of the process, the collection and sharing of data and equal input into the decision making process.

As part of this process, no activities will be permitted which violate or circumvent the collective bargaining process and/or agreements.

While we will continue to discuss issues such as benchmarks and appraisal systems in an effort to ensure equity for those who work at H&PS, it is clearly understood that those decisions will not be negotiated.

H&PS guaranteed that no bargaining unit positions will be eliminated, downgraded or surplused because of Bunts and Singles, nor will the pay or seniority status of any bargaining unit employee be negatively affected.

All CWA/IBEW Locals will have equal access to all activities and information to ensure that their input is included as part of the process and their particpation-where desired-ensured.

A joint, center point of contact will be established to ensure timely, ongoing communications with the Locals, and the managers.

As part of this process, the H&PS EIQC will contract with Change Agents appointed by the Locals to handle overviews and assist with the process, All Union participants on all teams will be appointed by the Locals they will represent. Once appointed, they will contract with the Unionists appointed by District 7 to the H&PS Employee Involvement Quality Council regarding this contract as well as Union Parameters, expectations and goals, established by the District 7 EIQ policy.

The term of this contract shall be for one year (September 1992) at which time the parties, in conjunction with the Bargaining Agents, will decide on the renewal of this agreement.

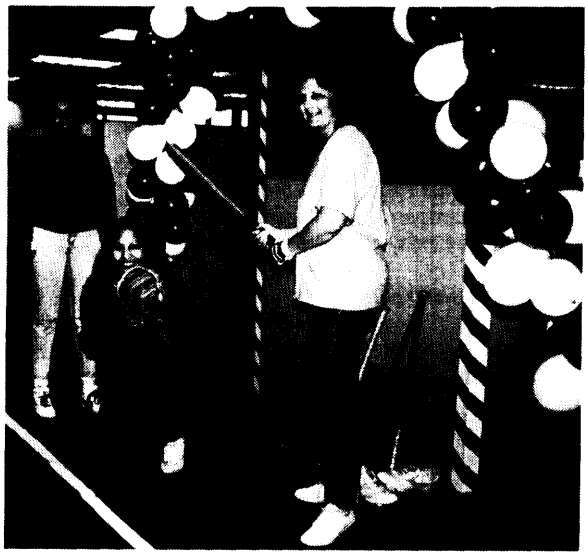
Source: Home and Personal Services, U S WEST Communications

be partners with the company in redefining the work to improve customer service.

As a result of the Memo of Understanding, which was renewed on Jan. 11, 1993, and is now in force until January 1994, the process improvement teams that had already been created were made joint union-management committees.

With strong support horn both top management and the unions, Operation Bunts and Singles grew rapidly. An important part of the operation was monthly “group grope” meetings, which were later renamed sharing rallies, where the process improvement teams met with other teams to share their successes and learn horn each other. As discussed in chapter 4, there are now 32 joint committees working to improve a variety of processes in HPS.

Because of HPS interest in reducing uncollectible revenues, 13 joint Bunts and Singles teams have worked to achieve this objective. For example, in the summer of 1991, the company had already created a Credit Culture process



Employees participate in a skit as part of Operation *BUnts and Singles, the joint union-management agreement to make incremental improvements in work processes.*

improvement team to look into the feasibility of running credit checks on new customers. Initially, this team had many management representatives and just one union member. The team helped create the first Customer Credit Authorization Center (CCA) in downtown Phoenix. Workers there check computerized credit bureau information as well as company payment records to determine what level of service to provide to new customers (see box 3-1). Following the signing of the Memo of Understanding, and the decision to expand the CCAs beyond the initial one in Phoenix, the Credit Culture team was restructured to include equal numbers of company and union representatives (each party appointed its own team members) and to be led by union and company co-chairs. As a joint entity, the team helped expand the CCAs to major cities in all States where regulatory commissions allow them.

THE JOB DESIGN TEAM: PROCESS

While most of the Bunts and Singles teams looked at specific elements of the jobs of HPS employees, the joint Job Design Team (JDT) took **a** more global approach, which sometimes incorporated the process improvements from the other teams and at other times rejected them as they developed a clean sheet job redesign.

In early 1992, HPS appointed six management representatives to the JDT, while CWA and IBEW appointed eight union representatives. Both union and management team members had front-line experience in customer contact jobs. CWA chose Linda Armbruster, a steward from Local 7777 in Denver, while HPS appointed April Hunter, a labor relations manager, as co-chairs of the team. At the JDT's first meeting, on Jan. 21 and 22, 1992, Jane Evans and Reed Roberts, President of CWA Local 7019 and a member of the EIQC, spoke to the new group about the EIQC'S goals for the job redesign.

Redesigning the work of customer contact employees took much longer than expected, because of the time required to build trust between unionists and managers. Although the EIQC hoped that the JDT would have a new job or jobs in place in time for contract negotiations in August of 1992, the team's work took much longer. It was not until December 1992 that the JDT finalized its vision of the redesigned jobs and began planning to disseminate that vision throughout the company and the unions.

Two facilitators helped build trust on the job design team as it met throughout 1992 and in early 1993. Kevin Boyle from CWA brought seven years of experience and training in joint union-management processes to the JDT, while Winnie Nelson, a US WEST Service Quality Consultant, brought technical expertise in methods of quality improvement.

By its third meeting, in February 1992, the JDT had established its purpose:

CWA, IBEW(and H&PS through mutual cooperation, creativity, trust and employee involvement will jointly design satisfying, safe, and secure customer contact jobs which will give valued employees an environment to provide

Table 3-2. Goals of the Job Design Team

JOB DESIGN GOALS
Effective and up to date technology and tools to support the worker and enhance education and stills.
All existing (2-92) CMC, RMC, and TMC offices are open with potential for additional locations and personnel doing the work we design.
A safe job in an ergonomically sound workplace:
Communication-one system for U S WEST.
Each employee will assess their own needs for career and job development and have resources available to fulfill those needs.
HPS employees are multi-skilled with highest wages to match the high skills of the customer contact employees.
Diversity of work is built into the job.
Employees will have flexibility to meet family and personal needs.
All occupational jobs that we as a Job Design Team design will be bargained for regardless of the environment in which they reside and through our collective efforts non-members will recognize the added value of Union membership, thereby encouraging 100% membership.
Employees have unlimited decision-making power which enables them to provide superior customer service.
No sub-contracted customer contact jobs within HPS.
Reward systems promote continuous improvement.

Source: Home and Personal Services Division. U S WEST Communications

superior customer service resulting in the growth of our business and our unions."

The JDT also developed a list of goals for the redesign (see table 3-2) reflecting both the unions' concerns about employment security and the unions' and company's mutual desire to improve the quality of customer service. The group slowly developed the ability to reach decisions by consensus.[18] *Meeting locations rO-*tated to minmize travel time for the members who came from throughout the 14-state region, and the team visited RMCS, CMCS, and CCAS in each city where it met.

Two events in early 1992 greatly helped build the trust between union and management members of the JDT. First, the company decided to eliminate individual performance appraisals, and Winnie Nelson, the company co-facilitator of the team, wrote and widely disseminated a paper explaining this decision.[19] Second, the JDT began to move toward a job redesign that would integrate the sales and collections tasks that had

17 Job Design Team, Minutes from Feb. 27-28, Colorado-Westin Hotel, Denver, Colo., unpublished mimeo.

18 April Hunter, Customer Sales Manager, U S WEST Communications, "WeekTen Written Assignment' unpublished paper for Decision Making Course, University of Phoenix, Jan. 22, 1993, p. 2.

19 Winnie Nelson, ''Undem~fig the Abolishment of Annual Performance Appraisals," no date, op. cit.

been split in 1987. This direction confirmed Jane Evans' belief that collections, and hence the work of CCS, was important, and she decided to upgrade the wages of CCS to the CSR level. The upgrade was made even before the collective bargaining talks scheduled for August of that year, because data showed that the joint process improvement teams had already increased company revenues (see ch. 4) to the point that HPS had the additional funds needed to make the pay upgrade. These actions resolved issues the union had been unhappy about for years, and made union and management members of the JDT aware that their joint decisions would be taken seriously.

The JDT took a Socio-Technical Systems (STS)[20] approach to job redesign, identifying the technical and social systems within which all of the customer contact workers-CSRs, CCS, and Telemarketing Sales Representatives-operated. The technical systems included an extensive list of tools used on the job. The social environment included the workers' primary relationships with the customers and secondary relationships within the company. The JDT then mapped each step in the work process of CSRS and CCS, and analyzed variances to identify sources of quality problems.

The team learned that technological variances that they could not control greatly affected their ability to serve the customer.[21] For example, When the call routing system continues to direct calls after the office is supposed to be closed in the evening, it forces CSRS to work late. When it occasionally doesn't open up on time in the morning, the call routing system makes customers angry. When the SONAR database is slow, both the CSR and the customer become irritated, the CSR maybe required to take notes on paper, and overall customer response is slowed. When it is down entirely, some CSRS, who are unfamiliar with paper procedures, may not be able to issue a service order at all. Other CSRS can process an order, but the lack of the database prevents the service order from being transmitted to the network group. Breakdowns and slowdowns in other databases cause similar problems for CCS.

The JDT did not try to fix the existing variances, leaving that task to the joint process improvement teams (see ch. 4). Instead, the JDT tried to identify both improved technological systems and the skills and resources workers would need to provide high-quality customer service despite at least some inevitable variances.[22] As the of work of the JDT became more complex, the group split into four subteams focusing on technology, training, work design, and variances and impacts.

Although the technology subgroup of the JDT left most correction of existing software systems to other joint process teams, in one case the subgroup helped to improve a new software system before it was implemented.[23] In 1992, as Customer Credit Authorization centers were being expanded to other cities based on the success of the Phoenix trial, workers in these centers were required to use separate computer terminals to check credit bureau databases. As part of the company's planned deployment of Intelligent Work Stations (lWS) throughout the 14-State region, a new credit checking program, called BACAS, was purchased. Although BACAS was

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[20] STS originated in the work of Trist and others who reorganized work in British coal mining in the 1950s and 1% OS. The STS perspective considers organizations to be made up of people (the social system) using tools, techniques and knowledge (the technical system) to produce goods or services valued by customers (who are part of the organization's external environment). William A. Pasmore, ***Designing Effective Organizations: The Sociotechnical Systems Perspective (New*** York: John Wiley and Sons, 1988), p. 1. In theory, STS seeks a joint optimum between people and technology, but in practice those versed in STS sometimes lack the technical knowledge to optimize the technology side of this joint optimum. J. Alic, op. cit., **1990, p. 308.**

[21] **Job Design Team "Meeting Minutes,** June 23-26,1992," unpublished memo from U S WEST.

[22] April Hunter, "Week Ten Written Assigmnent," 1993, op. cit., p. 1.

[23] This paragtaph is based written materials provided by **David DOW,** Steward, CWA Local 7908, and member of the technology subgroup of the JDT

purchased because it would allow the integration of the credit checking function with other work processes on a single IWS terminal, as originally written, BACAS was poorly integrated with these other databases. In addition, BACAS did not allow workers to override the credit rating it assigned. Through discussions in the JDT and the EIQC, the company and union agreed to let the JDT make the final decision on whether or not BACAS would be implemented, and arranged for a joint union-management team to develop and implement trials and refinements of BACAS. As a result of those trials, the software was revised to better integrate with existing computerized databases, and to provide information to workers, helping them make a credit decision, rather than dictating that decision to them. The JDT then approved company-wide implementation of BACAS, a process that took place during 1993.

THE JOB DESIGN TEAM'S VISION: THE SERVICE CONSULTANT

Rather than develop a single, uniform new job or jobs, the JDT chose to present a vision of the new marketing worker, or, as they called it, the Service Consultant. By using the STS approach, they had developed an ideal technical system and an ideal organizational system, involving a broader restructuring of several jobs in addition to the CSRs and CCS. Their ideal technical system was expensive, while the ideal organizational system called for a radical change in the traditional relationships between front-line marketing workers and their first- and second-level supervisors. Finally, the JDT saw that, with rapid technological and organizational change, the optimum design of 1992 might not be appropriate by 1997. Because they realized that such drastic changes in technology, work organization, and labor-management relationships could not occur uniformly throughout HPS, they chose to develop a vision.

The JDT's vision seeks to overcome two of the greatest problems felt by workers in the current jobs—strict supervision and lack of diversity.[24] The Service Consultant (SC) job would operate in a universal work environment, somewhat like that of CSRS before 1987, but would differ in that the SC would continually choose which types of calls to respond to, and, ideally, from what geographical region those calls would be taken. The envisioned work unit would be a team with a common commitment to respond to changing customer demand throughout the day. For example, current CSRs often face a flood of new service orders on Monday mornings, as customers have moved into new houses on the weekends. In the redesigned job, all of the workers—including those who now do only collections work— would know of the flood of calls. Thus, the work could be better distributed. At the same time, a SC who felt for whatever reason that she or he was incapable of dealing with those requests on a Monday morning could instead run credit checks or answer billing inquiries.

The key to the greater variety in the new job is a work distributor, which would both accept all incoming calls initially and provide real-time data on the types of calls coming in to each SC. The work distributor would be an interactive form of today's Automated Call Distributor, which would allow feedback from the worker, rather than simply directing work at the worker. In the vision, the SC would log on to the work distributor, indicating what types of call he or she would accept. Depending on the SC's choices and customer demand, the SC could change the types of calls being accepted throughout the workday. Current CCS, who chose in 1987 not to do sales work would not be forced to do so as Service

[24] The following discussion is drawn from a presentation by the JDT and written materials from their Dec. 8-9, 1992 meeting in Tucson, Ariz.

Consultants.[25] However, they could help respond to a Monday morning flood of new service orders by providing dial tone with the aid of new technology included in the vision. After providing dial tone, the SC would notify an outbound sales group, such as the current Telemarketing Center in Denver, who would call the customer to verify that the needed services were present and try to sell more products and services.

The work distributor is important not only to the greater variety of tasks, but also to optimizing the work of the Service Consultants. The JDT learned that many calls coming into the RMCS, CMCS, and CCAs were misdirected calls that should have gone elsewhere in the company. The work distributor will catch such misdirects and direct them to the correct place, thus minimizing the drain on the customer contact workers' time.

The Job Design Team's vision affects several other jobs (see table 3-3). As noted, the SC would have the ability to establish dial tone, as well as other types of telephone service that are currently provided by translation specialists in the Recent Change/Memory Adminstration Center (RC/MAC). The SC would be able to assign phone numbers to customers, a function currently performed by plant line assigners in the Facilities Assignment Center (FAC). In addition, the SCS are to have the technological capability to talk directly with technicians in the field, bypassing the dispatchers. In the vision, this capability would only be used in special cases, such as when a customer has just returned home to receive the technician, and the technician is still in the neighborhood. Finally, the Service Consultant would be able to perform simple repair tests for the customer, a function now performed by Maintenance Loop Testers (MLT) who are part of US WEST Communication's Network and Technology Services division.

SUMMARY: CHANGING CUSTOMER CONTACT JOBS, CHANGING COMPETITIVE STRATEGY

As shown in figure 3-1, customer contact jobs at U S WEST had become increasingly specialized since 1987, due to specialization of jobs combined with centralization of work. When marketing offices served small localities, workers could handle a variety of marketing and billing tasks. Now that a few offices serve whole States or multi-State regions, workers perform specialized functions, handling only marketing, billing, or credit verification (see box 3-1). The Bunts and Singles process began to reverse that trend toward narrow, specialized jobs by encouraging workers to take a broader view of how best to serve customers through the process improvement teams. Implementation of the JDT's vision (see ch. 4) will make an even more dramatic change, adding much more variety to the work. CSRS will be part of a work unit that handles more than marketing, providing end-to-end telephone service to customers. They will interact with, and perform some of the functions of, a variety of technical and support personnel, making their work more satisfying while improving customer service.

In addition to adopting a competitive strategy that relies more heavily on worker and union participation, the company is aggressively entering new markets. In early 1993, U S WEST, Inc. announced plans to invest $2.2 billion that year, and a total of up to $13 billion over the next five years, in a broadband transmission network within its 14-State service territory.[26] A few months later, in May 1993, the corporation announced plans to purchase 25 percent of Time Warner Entertainent, which includes cable holdings, a movie studio, and the HBO cable channel, for a price of $2.5 billion.

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25 Similarly, current CSRs who chow not to do billing work would not be required to in the vision. However, they would know Of incoming bill questions, and might choose to help out if there were a large number of such questions coming in.

26 Jim Grisenti, U S WEST Communications, "Gathering Storm: Competition Comes to Local Exchange," *WEST To&y,* vol. 6, no. 6, March 8, 1993, p. la.

Table 3-3. The Job Design Team's Vision

A new "universal" work environment
The new environment calls for a "work unit" concept, with cross-functional front-line and support teams working together to meet all of the needs of residential customers in a specific geographic area. Although these teams may span different departments (e.g., HPS and NTS), they have a common customer focus and shared goals.

The customer interface
Customers will still contact the front-line employees or Service Consultants through today's channels (e.g., by telephone, via correspondence). As new technologies become available (soft dial tone fallouts, voice response applications), the front-line workers will serve customers through these channels as well.

Service Consultants are advocates for customers
Service consultants are self-determining and autonomous in their work assignments, staffing, and training. The service consultant receives real-time data on total work unit performance and customer account activity. This provides flexibility, allowing the service consultant to make proactive decisions on how to best provide superior customer service and meet the current customer demand and operational needs in the work unit.

Service Consultants decide distribution of work
In the new environment, service consultants choose the specific types of customer calls they want to work on and have the skills and training to handle. Ultimately, the work will be distributed based on the type of systems log-on used by the Service Consultant.

Outbound calling for sales and service
To ensure availability to customers, some orders will be processed simply to provide dial tone. These orders could be handled by new employees learning the technical functions of the job prior to learning the sales function, or by Service Consultants who are primarily billing experts. These orders will flow to an outbound sales group that will call back after service was established to ensure customer satisfaction and explore sales opportunities.

Improved cross-functional coordination
Employees in all departments associated with service orders or repair tickets will have improved access to each other. This will improve coordination, improve response times, and provide "seamless" customer service.

Expanded role for team leaders
As decision-making and accountability structures move toward the front line, management roles will migrate toward team resource roles. Ultimately, union and management personnel Will provide requested feedback, career counseling, and act as sounding boards for decisions, rather than being involved in direct, day-today supervision of the group.

A "learning" workplace
As discretionary authority moves to the front line, additional skills in information handling, reasoning, computation, data analysis, and computer competency will be needed. This calls for a new learning paradigm, where training and teaming are integral parts of the work environment. Training will be immediately available, continuous, and provided by subject matter experts at the point where the transaction is taking place.

Technology: a key front-line tool
***New* technologies will support service consultants, be flexible, and provide immediate, real-time information. Technology will be used as a tool to meet customers' needs and service consultants will be involved in technological decisions that affect their jobs,**

Front line provides input to other departments
Two-way communication channels and suggestion systems will be implemented to ensure all departments have a direct feedback link to front-line ideas, issues, concerns. In addition, interdepartmental calls to the front line will not impact incoming customer calls.

Source: Adapted from Don Baltzer and Lisa Greene, "Union and HPS Leadership Support Job Design Vision" U S *WEST Today: Special Bulletin,* Vol. 6, No. 1, pp. 1-3.

Interim Measures of Success 4

As described in chapter 3, Operation Bunts and Singles began in 1991, expanded throughout 1992, and by February 1993 included 32 joint union-management teams involved in a variety of human resource projects aimed to enhance the relationship between U S WEST and its customers, increase revenues, and improve employee satisfaction (see table 4-l). Most of these projects sought incremental improvements, or, in the idiom of baseball, bunts and singles. The Job Design Team had a broader mandate that was initially framed as an attempt to improve an entire job, that of the Customer Service Representative, and evolved to encompass all jobs along the customer interface. The Job Design Team project sought a home run for U S WEST.

This chapter begins by describing the business improvements in the Home and Personal Services Division (HPS) resulting from Operation Bunts and Singles. Next, the chapter describes the results of some of the individual process improvement teams, demonstrating how the contributions of these many incremental changes led to overall business improvements. The second half of the chapter describes the initial stages of implementation of the Job Design Team's vision for the far more complex task of redesigning customer contact jobs.

",... company union partnerships in the Home and Personal Services Division have produced tangible results"

Jane Evans
Vice President and General Manager
Home and Personal Services Division
U S WEST (Communicatons

MEASURES OF SUCCESS IN OPERATION BUNTS AND SINGLES

Benefits to the Company

The improvements in HPS' performance in 1992 when compared with 1991, and the improvements to date in 1993, indicate that Operation Bunts and Singles has been a success as measured against the two goals HPS' top management established in the summer of 1991. These goals were to reduce the

Table 4-1. Operation Bunts and Singles Teams

Segment/Sponsor	Team name/Process
Cross-functional	CSM Service Improvement Project
EIQC	Job Design
	Process Management (PDC)
Movers and Shakers (new customers and residence changes)	Credit Limit
	Customer Assistance (CPE)
	Credit Culture Core Team
	Soft Dial Tone
	Customer Complaint Handling
	Master Card/ViSA
	Knowing Customers Who Move
	Service Delivery
	Communicating Effectively
Core Services	Unbilled Toll (steady customers)
	Call Type Codes
	Credit Classifications
	English Language Bill
	Simple Bill/Bill Improvement
	Written Customer Communication
	final Bill/Outside Collection Agency
	Carrier Toll Adjustment
	Full Toll Denial
	Treatment Timing
	Voice Response
	Denials in Error
	Garbage Referrals
	Voice Link
	Customer Payment Options (PA)
	Residential Repair
	Call Handling/Billing
Big Spenders (heavy residential users-faxes, modems, etc.)	Network Marketing
	Frontline Communications
	Quality Call Back

growing volume of uncollectible bills and to improve availability to customers. By early 1993, HPS Vice President and General Manager Jane Evans was able to report to employees that their efforts, especially through the joint process teams, had reduced 1992 uncollectible by $20 million compared with 1991. As for customer availability, calls answered within 60 seconds increased by 10 percent from 1991 to 1992.

The downward trend in uncollectible continued in 1993 with a further 34 percent decline measured over the frost five months of the year.[1] April 1993 uncollectible were the lowest recorded in any month for several years. Declines in uncollectible have a direct positive effects on profits. Customer availability will become more important as competition for residential customers grows; the upward trend seen in 1992 has continued in 1993.[2]

An indicator of employee satisfaction is turnover among Customer Service Representatives and Credit Consultants. Turnover among Credit Consultants dropped from 13.5 percent per year in 1991 to 11.8 percent in 1992. Among Customer Service Representatives turnover dropped from 20.1 percent per year in 1991 to 15.0 percent in 1992. For the first quarter of 1993, turnover in both groups of employees was the lowest yet seen, less than 1 percent.[3] The reductions in turnover suggest that new customer contact workers no longer apply for immediate transfer out of what they until recently described as sweatshop conditions. However, the turnover data must be interpreted with caution because they may arise in part from the fact that downsizing has reduced opportunities to transfer into other job titles. Nevertheless, it seems likely that joint process improvements have also increased worker satisfaction. For example, the joint union-management Credit Culture Team's decision to create the Customer Credit Approval operation should have reduced workload and stress on CSRs by reducing pressure to sell to customers without regard to whether or not they were creditworthy.

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1 Telephone interview with Anna Gibson, Staff Manager, U S WEST Communications, Inc., June 28, 1993.

2 Telephone interview with Rita Dozal, Director, Core Strategies, Home and Personal Services, U S WEST Communications, June 18, 1993.

3 Data provided by Tim Huerter, Manager, Human Resources, U S WEST Communications, April 27 and 29, 1993.

4 Based on interviews with various unionists in 1993.

Benefits to the Workers and Their Unions[4]

The foremost benefit to the workers was the job security they obtained through the written guarantee in the Memo of Understanding (see ch. 3 for more detail on the memo). The memo guaranteed workers their jobs through January 1994 and will likely be extended. Home and Personal Services is the only division in U S WEST Communications with such a guarantee. As noted in chapter 3, Jane Evans believed that unit costs could be reduced by improving work processes. HPS stabilized totaI employment 1evels in 1991. To improve availability to customers, HPS added 250 staff positions during 1992 and this higher staffing level will continue through 1993. In contrast, most other divisions of U S WEST Communications downsized during 1992. The added positions in HPS provided new jobs for some of the workers whose jobs in other divisions were eliminated. Joint process teams have also begun to create new work for HPS, enhancing long-term employment security. For example, the Twelve Thirty Team has created and is marketing a new U S WEST credit card.

Since the memo, no jobs have been downgraded and wages have been maintained. Indeed, the pay of Credit Consultants has been increased to equal that of Customer Service Representatives, a change that reflects new corporate recognition that collections are as important as sales,

Individual performance appraisals for nonsupervisory workers have been eliminated. The appraisals had caused many grievances because the workers felt they were unfair. Dissatisfaction with the performance appraisal system was one of the key issues that led to the unions' decision to mobilize against what they perceived as the sweatshop conditions in the business offices in late 1990 (see ch. 3). In its decision to eliminate the performance appraisal system, the company noted that most of the factors affecting worker performance were under management's control, that the narrow performance measures used often led to unintended consequences (including poorer customer service), and that individual performance appraisals discouraged the kind of teamwork that the Job Design Team envisioned for future customer contact jobs.[5]

Customer contact jobs in HPS have become more interesting on several levels. For example, Credit Consultants no longer follow rigid guidelines and instead negotiate flexible schedules with customers who find themselves in a financial bind and are unable to make an on-time full payment of their telephone bill. For the majority of workers whose jobs have not yet been redesigned, simply the opportunity to participate in joint Bunts and Singles teams provides more variety to the work and increases the awareness that their opinions are taken seriously. The smaller group of customer contact workers whose jobs have changed more dramatically in a pilot project to implement the job design team's vision (discussed further below) are very enthusiastic about the changes in their jobs.

The mutual understanding that has grown between the unions and management and between workers and supervisors as a result of Operation Bunts and Singles has increased communication. This in turn has led to recognition of each other's needs and goals.

In HPS, the unions have become more proactive than reactive. Shop stewards spend less time on grievances and more on problem solving. Because the unions have changed horn negative to positive forces, they are more attractive to workers. As a result, the unions find it easier to organize those workers who are not yet union members. Under a provision of the 1992 contract between CWA and U S WEST Communications, the company agreed to a provision expanding the scope of CWA'S bargaining unit. Workers in this

[5]W. Nelson, ''Understanding the Abolishment of Annual Performance Appraisals: A Summary of Dr. W. Edwards Deming's Theories Applied to Annual Performance Apprisals at Home and Personal Services,' unpublished paper by Home and Personal Services, U S WEST Communications, no date, p. 2.

larger unit may choose to join CWA simply by signing a form authorizing automatic dues deduction from their paychecks. CWA'S district 7 has added 1,800 new members since this provision was included in the August 1992 contract.[6] Among these new members are customer contact workers, who are enthusiastic about the union's role in redesigning their jobs.

A final benefit to the union is the increased activism and involvement of rank-and-file members in the union organization. By participating in joint teams, rank-and-file members have had an opportunity to exercise leadership skills, and these skills are benefiting the union as well as the company. To note just one example, Linda Armbruster, a union shop steward who was a chair of the joint union-management job design team, decided to run for a higher office in her local union in the summer of 1993.

THE TREATMENT TIMING PROJECT

The incremental role of each Bunt and Single or process improvement team is illustrated by the treatment timing project. The positive results achieved by this team are just one of many team success stories.[7]

The stimulus for the treatment timing project was management concern over rising numbers of denial notices[8], which reached 565,000/month for a billing population of about 9 million. A joint process team noticed that the number of telephone service disconnects was much smaller, only 37,000/mont.h. The team hypothesized that the interval between the pay by date notice[8] and the denial notice was too short and that payments and denial notices were crossing in the mail.

HPS differentiates between risk and nonrisk customers, with the latter being those with good credit ratings who generally pay on time. While risk accounts trigger a denial notice after the pay by date is exceeded, nonrisk accounts may continue for several months without receiving a denial notice if the billable amount remains below the treatment threshold. These delinquent accounts reduce revenues to US WEST Communications. Therefore, besides testing the effect of a longer interval between the pay by date notice and the denial notice for risk accounts, the joint process team also attempted to prompt payment from nonrisk customers whose accounts were in arrears.

The treatment timing project was conducted frost in the Central Region of U S WEST Communications. The interval between the pay by date and denial notices for risk customers was increased by nine days. Nonrisk customers with accounts in arrears by a month or more were sent reminder notices.

Results were as follows:

- Denial notices dropped by 30 percent for all accounts and by 44 percent for risk accounts.
- Denial referrals[10] dropped 16 percent for all accounts and 30 percent for risk accounts.
- The percentage of calls from customers to protest denial notices because payment had

[6] Interview with Sue Pisha Vice president CWA District 7, April 15, 1993,

[7] Telephone interviews with Cheryl Turnbull, Methods Design Specialist U S WEST Communications, Inc. on April 6 and 8, 1993 and with Carol Palmer, Manager, U S WEST Communications, Inc. on July 7, 1993 were very helpful in understanding this project and documenting its results.

[8] A denial notice (DN) is a notice of intent to deny telephone service because of customer failure to pay for the service. Customers first receive a pay by date (PBD) notice which is printed on monthly telephone bills. Failure to meet the PBD triggers a DN to risk customers and may or may not trigger a DN for nonrisk customers depending on the size of the bill. (Risk or nonrisk status is determined by credit rating and/or history of telephone bill nonpayment.) Failure to pay or contact the telephone company by the date on the DN triggers a denial call, after which service is disconnected. The period of time for the PBD and the DN is set at the state level by the Public Utility Commission.

[9] See preceding footnote,

[10] A decimal referral is sent to the Business Office when the customer does not make payment by the date on the denial notice. This failure triggers a denial call to the customer. See footnote 8.

been mailed dropped from 40 percent of all calls to 21 percent.
- The unpaid balance on risk accounts dropped by 11 percent.[11]
- The change in timing contributed to the substantial drop in uncollectible losses,
- The reminder notices had no effect on nonrisk customers whose accounts were in arrears.

The treatment timing project was a success in several respects. The reduction in denial notices, denial referrals, and incoming protest calls saved time and money. Time that customer service representatives had spent on incoming calls could be used for other purposes such as marketing and hence further revenue generation. Customer satisfaction also increased because fewer customers received denial notices after having paid their balance.

Because the treatment timing team was one of 13 joint process teams working on reducing uncollectible losses, its individual impact on the overall reduction described above cannot be determined. Other changes that contributed to reduction in uncollectible losses were implemented based primarily on the work of the credit culture team and also on the work of the denials in error team. These include:

- Giving CCS discretion to resolve customer payment problems. When a customer camot pay a monthly bill in fill, the credit consultant can now decide to accept two or three smaller payments rather than suspending service and thereby likely losing the entire payment as well as the customer.
- m Creation of CCA to better evaluate the credit history of new customers with a consequent decline in risk customers.
- Reduction in customers temporarily denied service, thereby saving the costs of cutting off service and then reinstating it[12].

The treatment timing project will be repeated in the Eastern Region in summer 1994 with an interval increase of seven rather than nine days. Additional study will occur in the Western Region beginning in December 1993.

PROGRESS IN JOB DESIGN

As described in chapter 3, the joint union-management Job Design Team developed a vision of the job of the new marketing worker rather than a single, rigid job description. Similarly, the team developed a flexible process of implementation that included presenting the vision to the company and the unions, developing methods to help local managers and unionists assess their readiness to implement the vision, and encouraging and helping local unionists and managers as they proceeded.

In December 1992 the JDT presented its vision to top management of U S WEST Communications. The presentation contributed to corporate plans for reorganization, including a new single unit for Mass Markets and Operations, that were announced in January 1993. As U S WEST Communications, Inc. President and CEO Gary Ames said, "One organization will now be responsible for every aspect of service to customers in our mass markets, from the moment they call our business offices to when their service is installed, upgraded, or needs repair. ' '[13]

At a Phoenix meeting in early January, the JDT presented the vision to the EIQC and all local CWA and IBEW presidents. All responded favorably. Later that month, groups of JDT members

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11 This result was unexpected. Since there were nine additional days in which to send payment, the unpaid balance was expected to increase.

12 This change should also increase customer satisfaction and customer loyalty at a time when competition fOr residential customers is growing. As noted in chapter 3, the company estimates that it is much more expensive to win back a customer once lost than to continue to service that customer.

13 "U s WEST Streamlines Local Operations, Places Sales and Service Operations Together, " *Telecommunications Reports,* Jan. 4, 1993, vol. 59, no. 1, p. 8.

visited every CMC, RMC, and CCA in the 14-State region to present the vision and obtain feedback on it. Currently, the JDT is testing a local assessment tool to help local managers and unionists determine what they need to do to implement the vision.

Because of the expense involved in the ideal technical system envisioned by the JDT, HPS chose to begin with a prototype, called the Center for Customer Service, in Phoenix. While this pilot project is underway, implementation of the social (organizational) side of the vision is proceeding at varying rates throughout the 14-State region.

At this stage of the job redesign process there are no *overall measures* of its success or failure at US WEST. However, the Phoenix prototype indicates management commitment to preservation of jobs and their redesign so as to benefit both workers and the corporation. The very existence of a prototype is an interim measure of success that augurs positively for the job redesign effort.

The Phoenix Prototype-the Center for Customer Service

The Center for Customer Service (CCS) will initially serve 140,000 residences from six wire centers, selected to represent a statistically valid sample of customers. Included in this group will be big spenders (e.g., owners of faxes and PCs, etc.) as well as other residential customers. After two to three months, the CCS will begin to serve small businesses. U S WEST Communications expects increased competition for both types of customers in the coming years. The CCS will include both new technology and new work organization, following the Socio-Technical Systems principles that guided development of the vision.

On the technology side, the CCS will test the utility of providing soft dial tone to new residential customers. Soil dial tone allows people moving into new homes to call the U S WEST Communications Business Office directly from their home, receive a new telephone number, and activate service immediately.

Key features of the Center include the partnership between the company and the union, and implementation through a team that combines managers and unionists drawn from the three business units-HPS, Small Business Services (SBS), and Network & Technology Services (NTS)-that makeup the new Mass Markets and Operations organization. The results of the prototype will be "a new model of mass markets service delivery processes in U S WEST. ' '[14] Tom Bystrzycki, executive vice president of Mass Markets and Operations, has described the CCS as a "service improvement 'laboratory' " for exploration of new ways to provide and repair service to residential and small business customers.[15] In an experimental design, Corporate Service Measurement (CSM) results from surveys of CCS customers will be compared with survey outcomes from a matched sample of customers served by the current technology and form of work organization.

The CCS opened on July 14, 1993.[16] Staff were assembled a month beforehand and included two manager-coaches and 56 workers from five occupational groups: Customer Service Representatives, Credit Consultants, Maintenance Administrators, Translation Specialists, and Plant Line Assigners. They received technical and customer contact skills training and participated in team building exercises. For the first time, customer contact workers sat near repair and technical workers. Improved communication among them should improve customer service.

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14 "Bystrzycki Announces Mass Markets Service-Improvement Laboratory, " Issues *Infonet*, no. 687, Mar. 15, 1993.

15 "Bystrzycki Announces Mass Markets Service-Improvement Laboratory, " *Issues* in/'oner, no. 687, Mar. 15, 1993.

16 The descriptions of the Center's opening and potential measures were obtained in telephone interviews with Becky Hansen, Director, Mass Markets, U S WEST Communications, Inc., April 7, June 7, and July 26, 1993.

In response to interviews conducted by Job Design Team members, workers involved in the Center for Customer Service expressed enthusiasm about working closely with workers in other job titles and performing a greater variety of tasks. To quote one worker, "This is the first time in years that I've wanted to come to work.' There is broad agreement among this group that working more closely together is a positive step. Despite concerns of the Job Design Team that increasing the responsibilities of the Customer Service Representatives might threaten technical workers, the technical workers involved in the pilot project are enthusiastic about the changes. As one repair worker said, ''I always wondered what the Business Office did. "[17] The Center's opening was marked by enthusiasm and cooperation among its staff and a strong commitment to improving customer service.

Evaluation includes real-time data collection that will enable rapid, even daily, changes. Outcome measures will likely include indicators of change in revenues, customer satisfaction, and employee satisfaction, as well as process measures. Examples of customer satisfaction measures might be: What proportion of calls are answered within three rings? How frequently do service people arrive on schedule? What percent of the time do customers receive the day and time they prefer for service? How often is a repair completed within the interval that the customer was told would be required? What is the average total interval between a breakdown in service and return to full operational status? Employee satisfaction measures may include turnover rates, absenteeism, and opinion surveys. The process measures will evaluate the success of the Customer Service Center by comparing it with the JDT's vision; examples are indicators of waste or breakdown. The results of this prototype implementation will be used to assist in implementation of the JDT's vision throughout U S WEST over the next three to five years.



Becky Hansen, Director, Mass Markets, and lead manager of the new Center for Customer Service, in discussion with union representatives at a union-Management sharing rally.

Related Activities

HPS and its union partners are not waiting for the results of the prototype in Phoenix to implement the JDT's vision. local managers and unionists throughout the 14-State region, moving at varying rates of speed, are beginning to reorganize work (moving toward the social optimum in the vision). Perhaps the easiest part of the work reorganization is cross-training and co-locating sales and collections workers (CSRS and CCS). For example, in Des Moines, the company and union plan to co-locate workers now separated in the CMC, RMC, and CVC (the Credit Verification Center, which is roughly equivalent to the CCA) in September 1993, and cross-training is underway. In July 1993, about 15 of the 42 CCS in the Des Moines RMC had completed training in service change orders. Because they were able to help CSRS with those calls, RMC availability (measured as the percent of calls

[17] Quotations were provided by Joyce Trimble, Credit Consultant and CWA member of the JDT, based on interviews in Phoenix, Ariz., June 1993.

answered in **60** seconds or less) had improved from less than 10 percent to 40 percent.[18] In Denver, CSRS and CCS are now sitting together, forming a single customer service team, and cross-training is underway. In Phoenix, although only a few CSRS and CCS are involved in the Center for Customer Service prototype, all are being cross-trained to perform each others' work. Many of the workers in the Phoenix Customer Credit Authorization Center already know the CSR and CC jobs, because they were in those job titles before the CCA was created. And, by February 1993, about 35 percent of the CSRS working in the RMC had already been trained to do collections work.

To help local areas move beyond cross-training, members of the JDT developed an assessment tool in April 1993 and tested it on workers involved in the Phoenix prototype in June 1993. This tool, which will soon be made available throughout the 14-State region, will allow local managers and unions to assess their readiness to reorganize work, and help them identify steps toward reorganization.

The next step will be the creation of joint union-management local assessment teams, which will administer the assessment tool. Each team will include a manager and a unionist from each of the three divisions (HPS, NTS, SBS), a facilitator, and a member of the JDT to act as a resource.

SUSTAINABILITY AND GROWTH

The Bunts and Singles process has taken root throughout HPS, and both unions and management are committed to sustaining and developing it. However, HPS is now part of Mass Markets and Operations. Transferring the joint success to the larger organization, and to U S WEST, Inc. as a whole, will not be easy. The extent of transfer will depend on the labor-management relationships in various divisions, and at the corporate level, as well as in HPS.[19]

Recent experience in developing the Center for Customer Service in Phoenix provides a microcosm of the issues being faced at a higher level as the three market units (HPS, SBS, and NTS) are merged into one organization. When members of the Job Design Team tested their local assessment tool on the Phoenix workers, NTS managers at first refused to let their employees participate. (They later reversed this decision.) Another difficult decision involved the degree to which the v=ious types of workers in the CCS would be cross-trained to perform broader work. Throughout U S WEST Communications, workers who want to be transferred to other job titles are required to pass tests prior to being selected and trained for new work. Although the unions support cross-training, they believe that the company should remove the obstacle of these tests; in the CCS, workers would have to pass four or five separate tests in order to be trained for each of the jobs included in the work unit.

As a result, in the summer of 1993, CCS employees were located close to each other and were *observing* each others' work. They had been trained in communications skills and team-building skills, but they had not been trained to *perform* each others' work.

The most difficult issue for the future of labor-management cooperation at US WEST Communications, Inc. could be implementation of the company's plans for re-engineering. Although the JDT's vision of a work unit employing broadly skilled workers could provide the frame-

[18] **Telephone ~interview with joyce** Trirnble, Credit Consultant, U S WEST Communications, Inc., july 8, 1993.

19 1992 contract negotions, US WEST Communications and CWA agreed to dismantle a joint union-management Employee Involvement Quality Department called for in their 1989 contract. In place of this centralized department the new contract called for creation of joint union-management employee involvement oversight boards in each individual business unit *and at* the corporate level, a union-management Strategic Executive Council. & a result of these contractual changes, as well as the differing personalities and needs of managers and unionists in the various divisions of U S WEST Inc., labor-management relationships vary across divisions and market units.

work for re-engineering, the JDT's vision also included employment security and maintaining all existing business offices. In contrast, the company's re-engineering plans tentatively include creation of metacenters in the larger cities, downsizing the workforce, and closing rural business and repair offices.[20] Broadly tllih'led workers in these centers would talk to customers and immediately respond by providing dial tone, assigning a telephone number and the associated pair of cables coming into the home, testing the system, dispatching a technician if needed, and entering computer changes needed for voice mail and other enhanced services. While a limited number of workers at the metacenters would enjoy these new, more satisfying jobs, hundreds of others in smaller cities and rural areas would either be laid off or face a choice between early retirement or moving to a city.

Although this issue has not yet been resolved, it appears unlikely that such a radical centralization and downsizing will take place. The joint success in HPS is making an impression on managers in the larger organization, and they are increasingly interested in creating a partnership with the unions. Alan Wright, who is in charge of re-engineering for Mass Markets and Operations, became a member of the HPS Employee Involvement Quality Council (EIQC) in early 1993, and began to see the benefits of working closely with the unions.

U S WEST Communications had planned to announce creation of the metacenters in July 1993. That announcement was postponed to allow more time for discussions with the union. That month, the company and unions agreed to develop an overall process to integrate the re-engineering plans with implementation of the JDT's vision. As an initial step in developing this process, they agreed to a meeting of the three joint union-management employee involvement oversight boards in HPS, NT'S, and SBS. They also agreed that there would be no office closings until mid-1995, and that they would work together to develop outplacement and financial assistance for rural workers who would be affected. Finally, they informally agreed that the new work required to lay a broadband transmission network throughout the 14-State region would be union work, creating a new source of employment for rural workers who may be affected by the centralization plans.

If these tentative plans bear fruit, labor-management cooperation promises to spread throughout the Mass Markets and Operations organization, and possibly throughout U S WEST Communications.

At the corporate level, U S WEST, Inc. 's Board of Directors and senior management are committed to a corporate strategy based on quality management that seeks to involve workers, with or without the unions, in increasing productivity. For example, in early 1993, CEO Dick McCormick hosted a "Connecting Day, " at which 28 teams, some of them joint union-management teams (including three HPS process improvement teams and the HPS EIQC), some not, were honored for their contributions to increased customer satisfaction, loyalty, and employee commitment to the business.[21] This commitment to quality and worker involvement appears to conflict with the corporate goal to "narrow the cost-of-service disadvantage with current and potential competitors . . . through reductions in staffing. '[22] However, if the company agrees to move surplus workers from its traditional telephone business into the jobs that will be created with construction of its new broadband network and other new ventures, the conflict may disappear. At present, this mutually beneficial outcome seems likely.

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20 This paragraph is based on a telephone interview with Reed Roberts, President, CWA Local 7719, June 17, 1993.

21 S. Nance, ''A Gathering of Heroes—An Atmosphere Of Joy, ' U.S. *WEST Today, vol. 6,* no. 4 (Mar. 8, 1993), pp. 4-5.

22 us *WEST Annual Report, 1992, p.* 14.

Possible Implications of the CWA-IBEW-US WEST Initiative

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

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

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

John J. Barry
International President
International B@herhood of
Electrical workers

GROWING COMPETITION IN TELECOMMUNICATIONS

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

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

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

Second, a recent Federal Communications Commission (FCC) decision threatens the RBOCs' current monopoly on providing residential customer access to long-distance telephone companies. Currently, the fees that RBOCs charge long-distance phone companies for access to their local customer networks account for about 25 percent of the RBOCs' revenue and more than half of their profits.[4] On August 3, 1993, the FCC voted to allow new phone company competitors to carry long-distance telephone calls from RBOC switching offices to long-distance carriers' networks.[5] This decision opens new markets to independent telephone companies and to joint ventures, such as the U S WEST-Time Warner joint venture.[6] At the same time, however, the FCC decision increases the competition among all players in the emerging multi-media telecommunications industry.

POSSIBLE IMPLICATIONS FOR TELECOMMUNICATIONS COMPANIES

BellSouth

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

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

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

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

[4] Ibid.

5 *'FCC Votes t. Allow New Rivals to Enter Local Phone Business," ***The Wall Street Journal,*** Wednesday, August 4, 1993, p. B5.

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

[7] Ibid., p. B1.

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

many QWL teams at the shopfloor level; these teams continued and grew after divestiture, and numbered over 600 in 1989.[9]

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

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

Currently, customer contact jobs at BellSouth are divided into three specialties. One group focuses on sales, while two groups focus on collections. (One type of worker handles live accounts and another, final collections) .11 If BellSouth and CWA chose to integrate these functions, or if the company and union chose to try to tie the jobs of customer contact workers more closely to the jobs of repair workers, the research and results of the joint union-management job design team at U S WEST might provide useful information.

AT&T

With 1992 revenues of $64.9 billion, AT&T is the largest long-distance telephone company in the U.S. today, although its share of the market has dropped from 80 percent at divestiture to between 60 and 65 percent.1[2] Faced with intense competition, especially from MCI Communications Corp. and U.S. Sprint, Inc., the company has reduced its workforce and entered new types of communications markets, primarily through acquisitions. Between 1989 and 1992, the company eliminated 36,000 jobs,[13] and CWA estimates that it has lost more than 100,000 jobs at AT&T since divestiture. Currently, CWA represents about 90,000 AT&T employees, while the IBEW represents about 21,500 workers, most of whom are employed in manufacturing telecommunications equipment.[14]

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

[9] Ibid., p.

10 R. Batt, 1993, op. cit., p. 22.

11 R, Batt, op. cit., p. 29.

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

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

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

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

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

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

In 1980, (CWA and AT&T created a Quality of Work Life (QWL) process that brought union and company leaders together at the shop floor level to improve productivity and resolve workplace problems. A similar QWL process was created in negotiations with the IBEW, and joint committees were created in AT&T's manufacturing plants. Three years later, the company created Common Interest Forums with the two unions, bringing top-level company and union officials together to discuss business and personnel issues. During the mid- and late-1980s, labor-management conflicts arose over a variety of issues, including CWA'S attempts to organize AT&T's nonunion subsidiaries[17], health benefits, and the continuing layoffs. However, the Common Interest Forum discussions continued throughout this period.[18]

These discussions led to a breakthrough in the 1992 round of collective bargaining. In the July agreement covering about 125,000 workers represented by CWA and lBEW,[19] the company made a strong statement recognizing the value of the two unions and guaranteeing neutrality toward union organizing at four of its nonunion subsidiaries and all future acquisitions.[20] The parties agreed to create a new joint process called the Workplace of the Future (WPOF), which includes joint union-management committees at the shop floor, at the level of the business unit, and at the company level.

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

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

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

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

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

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

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

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

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

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

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

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

By August 1993, the company and unions had created joint union-management Business Unit Planning Councils in four of AT&T's 22 business units.[25] These included the Consumer Communications Services business unit, the Network Services division, the Data Communications Services division, and the Information Management Services division. Union and management representatives agree that these new councils represent a fundamental change from their past relationship, in which the company made business decisions and the union then reacted. The Business Unit Planning Council in the Network Services Division, one of the largest and most profitable units within the company, has been particularly active.

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

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

NYNEX

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

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

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

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

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

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

In March 1993, NYNEX announced creation of a six-member senior executive team to develop new business strategies and restructuring plans for New York and New England Telephone companies.[n] Although no layoffs have been announced in conjunction with the restructuring, one company official stated that the effort might lead to a 30 to 35 percent cut in the size of the workforce.[29] The company invited both CWA and IBEW representatives to participate in the re-engineering effort. Although IBEW chose to participate with New England Telephone, IBEW leadership is very concerned about being involved in a program that could ultimately lead to layoffs.[30] There is no consensus within the IBEW about participating in company efforts to improve productivity at a time when the company is downsizing. Because of its primary concern about job security for its current members, CWA chose not to participate with New York Telephone in the restructuring effort.[31]

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

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

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

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

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

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

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

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

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

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

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

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

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

As part of the early 1991 contract, CWA and New York Telephone created a Common Interest Committee, involving the Executive Vice Presidents of New York Telephone and New England Telephone, the Vice President of CWA District 1, and the chairman of the T-6 Council of the BEW.[36] Current discussions in the committee focus on downsizing, downgrades, and forced relocations of work.[37]

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

Bell Atlantic

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A HIGH-SKILL PATH FOR THE SERVICE SECTOR?

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

The communications industry, which includes radio and television broadcasting, telegraph, and cable television, along with the telephone industry, is much less unionized than the telephone industry. In 1991, when unions represented 47.3 percent of workers employed in the telephone industry, they represented only 11 percent of workers employed in radio and television broadcasting and cable television, and 10.1 percent of workers in telegraph and miscellaneous communications industries (see figure 2-2).[44] Throughout the communications industry, union representation has declined over the past 10 years. This decline is due in part to company resistance to union organizing.

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

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

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

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

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

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

As discussed in chapter 2, research on various approaches to worker participation suggests that such initiatives are most likely to improve company performance when they are combined into a broad organizational transformation. One theory is that worker participation is most successful when it combines job security, employee involvement, and training, or SET.[48] The SET system has been contrasted with the traditional employment system for nonsupervisory workers in U.S. fins. That system, which is based on narrow job classifications, adversarial relations, and minimal training, is referred to as the JAM system.

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

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

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

47 Ibid., pp. 288-289.

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

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

These two examples illustrate a now well-established finding that companies must make deep structural changes to successfully involve employees for increased competitiveness.[50] One change alone, such as broadening the jobs of front-line customer contact workers without giving the workers adequate time for training, increased employment security, and finacial rewards for their increased skills, is difficult to implement and may have little impact. In the Home and Personal Services Division of US WEST, Inc., redesign of customer contact jobs is just one part of a larger transformation which offers the promise of improved customer service and sustainable productivity growth.

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

List of Acronyms and Glossary of Terms

Acronyms

ACD —Automated Call Distribution
BOSS —Business Office Support Systems
CC -Credit Consultant
CCA -Customer Credit Approval
CCS ---center for Customer Service
CMC -credit Management Center
CMR -Customer Mail Remittance
CSM —Corporate Service Measurement
CSR —Customer Service Representative
CVC —Credit Verification Center
CWA -Communications Workers of America
DBO —Days Billing Outstanding
EIQC —Employee Involvement Quality Council
FAC —Facilities Assignment Center
FMcs —Federal Mediation and Conciliation Service
FCC —Federal Communications Commission
GM -General Motors (Corporation)
HPs —Home and Personal Services (Division of us WEST)
IBEW —International Brotherhood of Electrical Workers
JDT —Job Design Team
MET —Maintenance Loop Technician
NLRA —National Labor Relations Act (Wagner Act)
NLRB —National Labor Relations Board
NTS —Network and Technology Services (Division of US WEST)
NUMMI —New United Motor Manufacturing Incorporated
OECD -Organization for Economic Cooperation and Development
QWL -Quality of Worklife
RBoc —Regional Bell Operating Company
RC|MAC —Recent Change/Memory Administration Center
RHC —Regional Holding Company
RMc —Residential Marketing Center
SBS —Small Business Services (Division of u s WEST')
SC -Service Consultant
SONAR —Service Order Notification and Retrieval
SQI -Service Quality Indicator
STS -Socio-Technical Systems
TQM —TotaI Quality Management
UK —United Kingdom
UAW —United Auto, Aerospace, and Agricultural Implement Workers of America
WPOF —Workplace of the Future

Glossary of Terms

Bunts and Singles teams-in the Home and Personal Services division of U S WEST, joint labor-management teams that attempt to produce incremental improvements in work processes.

collective bargaining-bargaining over wages, benefits, and/or working conditions on behalf of a group; typically refers to bargaining by a union with management on behalf of a group of workers.

collective participation-providing a vehicle for a group of employees to participate with management to solve problems in production or other aspects of

work. Used to describe the key function of works councils.

Communications Workers of America-union representing about 560,000 workers. 80% are employed in the telephone industry, which is the traditional base of this union.

Credit Consultant-in the Home and Personal Services Division of U S WEST, Credit Consultants verify the credit history of those seeking telephone service.

Credit Management Center—in the Home and Personal Services Division of U S WEST, the organizational entity concerned with billing. Currently staffed by Credit Consultants.

Customer Credit Approva1-in the Home and Personal Services Division of U S WEST, the organizational entity concerned with verification of customer credit. currently staffed by Credit Consultants and Customer Service Representatives.

Customer Servicev Representative-in the Home and Personal Services Division of U S WEST, an employee whose primary job is selling new services to residential customers.

divestiture in 1983 the Supreme Court ruled AT&T a monopoly and required the company to separate (divest) its regional telephone services. Seven Regional Bell Operating Companies (RBOCS) were formed, one of which was U S WEST Communications.

Employee Involvement Quality Council-joint union-management steering committees that oversee employeeinvolvement and quality improvement activities; for example, the EIQC in the Home and Personal Services Division of U S WEST approves new Bunts and Singles projects.

Residential Marketing Center—in the Home and Personal Services Division of U S WEST, the organizational entity concerned with sales of new telecommunications services. Currently staffed by Customer Service Representatives.

U S WEST Communications-one of seven regulated telephone companies that arose from the Supreme Court divestiture requirement imposed on AT&T

U S WEST, Inc.-a Regional Holding Company that includes a regulated Regional Bell Operating Company (US WEST Communications) and four unregulated subsidiaries for international ventures, cellular communications, financial services, and telephone marketing services (e.g., telephone directories and Yellow Pages).

works councils-institutions in most industrialized western countries (Ireland, the United Kingdom and the United States are exceptions) that give workers rights to information and consultation on production processes. In some counties, joint agreement between labor and management on actions affecting production is also required.

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