

Cooperative provisions in labor agreements: a new paradigm?

In the midst of mixed results, a clear trend can be seen in which firms are progressing toward a new collective bargaining paradigm; fourteen percent of workers in the sample examined in this study are covered by some sort of partnering agreement

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Since the mid-1980s, there has been a growing recognition of the need for a new collective bargaining paradigm embracing an equal partnership between labor and management in the private sector. A consensus has arisen among representatives from major employers, unions, and others in the field of labor relations which holds that unions must have a role in firms' strategic decisions if they are to help those firms increase their productivity and compete in the global marketplace. The new paradigm involves union participation in decisions regarding the direction of the business, including access to any financial and business records that have a role in such decisions. The result is a commitment to a unified vision of the organization and its continued growth and development. With this arrangement, unions and management would share responsibility for the success of the organization. The workplace of the future is seen to be a haven of cooperation, openness, and trust, with unions and management working toward a common goal of improved economic performance.

Can the workplace of the future really attain such a full partnership between labor and man-

agement? What progress has been made towards this new approach to collective bargaining? This article presents the results of a comprehensive analysis of union-management collective bargaining agreements covering 1,000 or more employees. Its aim is to determine the level of cooperation that exists today between labor and management in large unionized U.S. firms. The article develops a *cooperative continuum* to distinguish various levels of cooperation between the two parties. At the heart of the contemporary labor relationship model is the empowerment of workers: giving them a say in how business is conducted. The analysis that is presented investigates the areas in which workers have been given decisionmaking authority and measures the extent to which true partnering and mutual respect exists between labor and management.

Evolution of the new labor relation

The traditional relationship between labor and management has been an adversarial one of managerial authority and employee acquiescence. Such an environment breeds hostility and distrust between labor and management and has proven to

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be a hindrance to organizational success in the face of national and international market competition.

Beginning in the late 1970s, the business environment was characterized by economic doldrums, intense global competition, rapid technological advances, downsizing, mergers, and acquisitions. This environment was a wake-up call to business, labor, and Government that a new strategy was necessary for survival. Businesses of all types, whether or not they had a unionized workforce, were recognizing the need to involve and empower employees.

Changing from a decades-long adversarial relationship to one of cooperation and mutual trust would not occur overnight. In fact, with few exceptions, initial efforts at employee involvement were actually resisted by unions. Even some innovative labor-relations programs, such as the one existing at Saturn, experienced a union backlash.¹ In other settings as well, management's efforts to obtain union involvement were met with skepticism. Often, the lack of trust that existed between the two parties led union leaders to feel that employee involvement measures were employers' efforts to keep unions out of the workplace.

Eventually, individuals from various sectors of the labor relations field began to espouse the benefits of a cooperative relationship between labor and management. One of the earliest such initiatives in the United States was the creation of the Collective Bargaining Forum in 1984. This medium was established exclusively to discuss ways in which labor and management could work together, through the collective bargaining process, to improve performance so that the organization could be a "more effective competitor."² In 1988, the forum adopted a set of guiding principles that recognized the need for unions to be involved in the strategic decisions of the organization if they were expected to be partners with management in improving performance and meeting technological and market changes. These principles call for management to accept the legitimacy of unions, provide greater roles for worker and union participation, and accept workers' concerns regarding security and continuity of employment as "major policy objectives" in the business-planning process. The principles also call for unions to accept responsibility for cooperating with management in seeking the firm's economic improvement. In addition, the forum recommended public policies that do not inhibit representation by unions and that encourage labor-management relations "based on mutual respect and trust."³

In 1991, as a means of providing guidelines by which the principles could be put into action, the forum published its *Compact for Change*. The *Compact* suggests action in the areas of joint commitment to the economic success of the enterprise, joint commitment to the institutional integrity of the union, employment security and continuity, worker participation and empowerment, conflict resolution, responsibili-

ties in transforming industrial relations, and public policy principles.

Federal agencies also became involved in the effort to transform the private-sector labor-management environment. This effort included national conferences and commissions convened to find ways of achieving cooperation between labor and management. In March 1993, the Clinton Administration created the Commission on the Future of Worker-Management Relations, chaired by former Secretary of Labor John Dunlop and under the supervision of then Secretary of Labor Robert Reich. In addition, that same year, Reich and former Secretary of Commerce Ronald Brown cosponsored a Conference on the Future of the American Workplace. The conference emphasized high-performance workplaces and the necessity for union-management cooperation in achieving such workplaces. The conference had more than 600 participants, from Government, management, and labor. Panels discussed ways to achieve world-class performance, how unions and management could continue to move toward "win-win" collective bargaining scenarios devoid of debilitating conflict, and how Government could proactively support such activities. The participants were provided with case studies of model employer-union relationships, such as U.S. West and the Communication Workers of America and L-S Electro-Galvanizing Company and the United Steelworkers of America. The case studies provided examples of how employers and unions could consciously change their collective bargaining relationships to accommodate high-performance environments and a substantial degree of employee involvement in workplace decisions and responsibility.

Many contemporary researchers have advocated a new collective bargaining paradigm and a positive work environment.⁴ The Dunlop Commission and the Collective Bargaining Forum, among whose members are top corporate leaders, union representatives from the AFL-CIO hierarchy, and outstanding labor relations specialists from the academic community, have presented strong arguments for more worker involvement in the decisionmaking process. Representatives from all these constituencies have provided recommendations and guidelines for a successful work environment that will include open communication, trust between labor and management, shared decisionmaking and responsibility, and minimal friction in the collective bargaining relationship. The "workplace of the future" will be a strategic partnership between labor and management.

There has been some empirical evidence of cooperation in the workplace. Michael H. Cimini and Susan L. Behrmann examined agreements negotiated in 1993 and found an emerging trend of cooperation between unions and management.⁵ The 1995 Commission on the Future of Worker-Management Relations reported on several employer surveys conducted to

determine the extent of employee participation and labor-management cooperation.⁶ The topics studied in these surveys included the team concept, job rotation, quality circles, committees (on job safety, health, productivity, and quality), information sharing, and participation in formulating suggestions. A 1991 survey of 691 firms with 50 or more employees found that 64 percent of the firms had one or more of these employee-involvement activities that covered at least 50 percent of their nonmanagerial blue- or white-collar employees. The survey found that a majority of the nonmanagerial employees of slightly more than one-third of the firms were involved in two or more forms of employee-participation program.⁷

Studies also have been carried out on various approaches to labor-management relations. One study that was conducted over a 3-year period focused on creative approaches to labor-management relations.⁸ Most research on labor-management cooperation and partnering, however, has been limited to case studies involving arrangements like the United Automobile Workers and General Motors Saturn cooperative program. This arrangement is particularly notable because it involves a full exchange of information between labor and management, job security for most employees, and union involvement in management decisionmaking.⁹

All of this research suggests that the labor-management environment is changing and that there is an increased movement away from the old adversarial relationship to a new partnership between the two parties. No reliable consensus, however, exists on the prevalence of this new collective bargaining paradigm. Nor is there any comprehensive documentation on the specific areas in which labor and management are cooperating. Accordingly, the analysis to be presented seeks to determine the cooperative efforts that have been realized in practice between labor and management.

Method of analysis

The database utilized for this study is the file of private-sector labor agreements maintained by the Bureau of Labor Statistics. The database includes virtually all agreements in the private sector covering 1,000 or more employees. To obtain an idea of the types of cooperative clauses currently being formalized in collective bargaining agreements, only contracts expiring between September 1, 1997, and September 30, 2007 (the latest expiration date in the file), are included in the study.

The analysis evaluates the cooperative efforts in the bargaining agreements according to six levels of cooperation. These different levels can be viewed as stages of cooperation along a continuum ranging from the lowest level, which is a statement in the agreement that merely commits the parties to cooperate without a formal mechanism established for accomplishing any cooperation, to the highest level of cooperation,

a full partnership between the two parties in which each has equal decisionmaking authority on strategic issues. Exhibit 1 shows the *cooperation continuum*, with these two extremes, along with the four other types of cooperative provision that constitute various stages between them.

The first stage of cooperation is the promulgation of a statement in which the parties agree to cooperate. The next stage in the continuum consists of clauses in the agreement that provide for the establishment of committees as a means of reviewing issues of mutual concern that may arise.

Movement further along the continuum introduces formal efforts at cooperation to address *traditional issues*. These issues, which were the subjects of the earliest cooperative efforts and shared-decisionmaking arrangements, involved drug abuse, health care, human relations, and safety.

Employment security issues often have been a source of contention in labor negotiations. Thus, clauses that address these issues by providing for *security guarantees* are another step forward on the cooperation continuum. The specific clauses address such issues as most favored “nation” status, neutrality in union organizing drives, and commitments on the part of management not to lay off workers and not to subcontract work.

The next step on the continuum is the incorporation of clauses that involve employees in decisions regarding *high-performance work practices*. These clauses deal with cooperative efforts towards improvements in quality, productivity, and customer service.

The agreements at the highest level of the continuum, labeled *full partnership*, achieve the ultimate objective of the new collective bargaining paradigm. These agreements reflect relationships that have matured to the point that they include all or nearly all of the recommended objectives of the Collective Bargaining Forum’s *Compact for Change*.

Findings are reported according to how many labor contracts possess the individual clauses depicted as points along the cooperation continuum, as well as according to the num-

Exhibit 1. The cooperation continuum

- FULL COOPERATION
- Decisions on strategic issues
- High-performance practices
- Guarantees of employment security
- Decisions on traditional issues
- Committees to review mutual concerns that arise
- Statement of commitment to cooperate
- INTENT TO COOPERATE

Table 1. Employees covered by private-sector collective bargaining agreements with labor-management cooperative clauses expiring between September 1, 1997, and September 30, 2007

SIC code	Industry group	Sample		With cooperative clauses	
		Contracts	Workers	Contracts	Workers
	All industries	1,041	4,454,478	485	2,059,893
	Mining:				
10	Metal	4	7,385	2	4,885
12	Coal	5	27,250	3	18,750
	Construction:				
15	Building construction	120	409,755	59	173,883
16	Heavy construction	127	437,385	44	128,860
17	Special-trade construction	139	314,734	40	104,646
	Manufacturing:				
20	Food and kindred products	51	127,530	14	26,865
21	Tobacco products	3	7,050	0	0
22	Textile mill products	3	7,100	2	5,100
23	Apparel	11	64,700	4	44,400
24	Lumber and wood products	4	7,700	4	5,700
25	Furniture	1	900	0	0
26	Paper	31	38,085	26	30,120
27	Printing	10	18,058	6	9,958
28	Chemicals	8	13,450	3	5,400
30	Rubber	11	30,798	6	9,215
32	Stone, clay, and glass products	10	20,300	8	16,100
33	Primary metal	40	116,734	38	112,918
34	Fabricated metal	10	15,469	9	14,110
35	Industrial machinery	24	49,724	21	40,404
36	Electronic machinery	38	148,220	31	129,720
37	Transportation equipment	58	574,941	46	554,226
38	Measuring instruments	3	10,050	2	7,250
39	Miscellaneous manufacturing	3	4,881	1	1,181
	Nonmanufacturing:				
41	Local and suburban transit	2	4,893	0	0
42	Motor freight transportation	6	121,000	2	27,000
44	Water transport	6	6,000	1	1,300
48	Communications	39	614,499	16	150,356
49	Electric, gas, and sanitary services	63	148,481	21	56,760
51	Wholesale trade	3	3,800	1	1,100
53	General merchandise stores	10	63,300	1	30,000
54	Food stores	102	608,374	33	126,116
55	Automotive dealers	2	4,600	0	0
58	Eating and drinking places	2	3,000	0	0
59	Miscellaneous retail	4	5,258	2	2,000
60	Depository institutions	1	5,500	0	0
62	Securities and commodities	1	1,300	0	0
63	Insurance carriers	8	13,709	3	4,009
65	Real estate	8	76,700	2	6,000
70	Hotel and other lodging	8	40,000	4	32,800
72	Personal services	2	5,900	0	0
73	Business services	7	24,000	4	16,000
75	Automotive repair	2	2,000	0	0
78	Motion pictures	3	67,241	2	40,381
79	Amusement and recreation services	6	27,840	5	24,340
80	Health services	35	141,284	16	92,390
81	Legal services	1	900	1	900
82	Educational services	6	12,700	2	4,750

ber of employees, by industry, covered under the clauses. Contract provisions may reflect an extensive partnering relationship, but still fall short in the key area of strategic decisionmaking. The final section of the analysis discusses the extent to which union and management are partnering and embracing the principles of the new collective bargaining paradigm.

Findings

Within the time frame given by labor agreements expiring between September 1997 and September 2007, there are 1,041 contracts covering 4,454,478 employees. Of the 1,041 agreements, 485 (46.6 percent) have one or more of the cooperative clauses described on the cooperation continuum. Just

under half of the union employees (46.2 percent) are covered by these clauses. Table 1 lists the numbers of contracts with cooperative clauses and the numbers of workers, by industry, covered by the contracts. For comparative purposes, each contract is shown with the number of employees and industries it covers.

The greatest number of employees covered by contracts with one or more cooperative clauses is in the transportation equipment manufacturing industry. Other industries with contracts containing cooperative clauses covering more than 100,000 workers are building construction, heavy construction, special-trade construction, primary metal manufacturing, electronic machinery manufacturing, communications, and food stores.

Commitment to cooperate (stage 1). Table 2 displays the number of agreements with clauses in each of the stages of the cooperation continuum. Of the 485 contracts that address cooperation between labor and management, 286 have explicit language addressing the desire or intent to cooperate. An intent to cooperate may be embodied in a statement of expectation related to each of the parties in terms of the organization's and employee's well-being. A statement is typically expressed in terms of cooperation to reduce friction and promote efficiency. The following are some excerpts from statements in such clauses:

- The parties should cooperate in every way to promote harmony and efficiency among employees, the general welfare of the company, and the safety of operations.
- The parties should work together to increase productivity, enhance efficiency of operations, and improve the quality and quantity of products in order to assure security for employees.
- Unions should cooperate to the fullest in promoting the continued growth of the organization.
- The parties should work together to preserve work and improve competitiveness.

No matter how committed the parties are to cooperating with one another, as evidenced by statements of intent, the agreement is categorized as being in stage 1 if it does not contain any addi-

tional clauses providing opportunities for workers actually to participate in functions or decisions of the business. There are 150 agreements that have established only an intent to cooperate. Table 3 displays the number of contracts and employees covered, by industry, in both stages 1 and 2.

Joint committees (stage 2). There are 163 contracts that establish a labor-management committee that meets on a regular basis. The meetings are generally at the local or plant level and are held either monthly or quarterly. In some cases, only annual meetings are held. The committees, referred to in some contracts as "mutual interests boards," can discuss whatever issues are of concern to either of the parties, although almost all of the contracts specify that subjects dealing with "discipline or grievances" should not be discussed.

Other operational issues of committee meetings also are stipulated in the clauses, such as the requirement that issues of concern be submitted in writing in advance of the meeting. Some clauses require that both sides must agree in advance before an item can be discussed. Other operational issues include the makeup of the representation on the committee from the company and the union. These clauses are important be-

Table 2. Incidence of cooperative clauses in private-sector collective bargaining agreements expiring between September 1, 1997, and September 30, 2007

Provision	Number of contracts	Percent of all contracts	Percent of all employees
Total in sample	1,041	100	100
All contracts with cooperative provisions	485	46.6	46.2
All contracts with explicit cooperative language	286	27.5	29.2
Stage 1: Statement of intent to cooperate only ...	150	14.4	9.6
Stage 2: Joint committees to review issues	163	15.7	16.0
Total at stages 1 and 2 only	160	15.4	13.1
Stage 3: Drug programs	72	6.9	4.7
Health care	16	1.5	2.2
Human relations	106	10.2	10.9
Safety	261	25.1	28.8
Stage 4: Favored "nation"	46	4.4	3.2
Neutrality	49	4.7	4.6
No layoff	22	2.1	2.8
No subcontracting	14	1.3	.7
Stage 5: High-performance work practices	154	14.8	19.1
Stage 6:			
Strategic decisionmaking	27	2.6	4.4

Table 3. Stages 1 and 2: cooperative clauses in private-sector collective bargaining agreements expiring between September 1, 1997, and September 30, 2007, by industry

SIC code	Industry group	Commitment to cooperate		Statement of intent only		Joint committees	
		Contracts	Workers	Contracts	Workers	Contracts	Workers
	All industries	286	1,299,173	150	426,199	163	713,025
	Mining:						
10	Metal	2	4,885	1	3,200	0	0
12	Coal	3	18,750	0	0	3	18,750
	Construction:						
15	Building construction	33	98,258	23	57,483	21	69,003
16	Heavy construction	19	76,410	12	27,610	12	57,160
17	Special-trade construction	29	62,300	16	30,200	20	40,000
	Manufacturing:						
20	Food and kindred products	2	3,800	2	3,800	0	0
21	Tobacco products	0	0	0	0	0	0
22	Textile mill products	1	4,000	1	4,000	0	0
23	Apparel	1	1,000	0	0	1	1,000
24	Lumber and wood products	0	0	0	0	0	0
25	Furniture	0	0	0	0	0	0
26	Paper	13	14,290	3	3,030	11	12,400
27	Printing	6	9,958	5	8,633	3	6,325
28	Chemicals	1	1,100	1	1,100	0	0
30	Rubber	4	6,215	1	1,400	3	4,815
32	Stone, clay, and glass products	8	16,100	6	11,700	5	11,500
33	Primary metal	23	89,277	10	32,378	6	13,799
34	Fabricated metal	7	7,410	4	4,367	3	107,963
35	Industrial machinery	16	33,860	7	9,910	8	21,770
36	Electronic machinery	20	104,820	8	58,800	11	44,020
37	Transportation equipment	37	470,336	12	27,180	21	119,541
38	Measuring instruments	1	3,400	1	3,400	0	0
39	Miscellaneous manufacturing	0	0	0	0	0	0
	Nonmanufacturing:						
41	Local and suburban transit	0	0	0	0	0	0
42	Motor freight transportation	1	17,000	1	17,000	0	0
44	Water transport	0	0	0	0	0	0
48	Communications	0	0	0	0	0	0
49	Electric, gas, and sanitary services	7	14,157	7	14,157	0	0
51	Wholesale trade	1	1,000	1	1,000	0	0
53	General merchandise stores	1	30,000	1	30,000	0	0
54	Food stores	23	83,758	14	42,461	15	69,840
55	Automotive dealers	0	0	0	0	0	0
58	Eating and drinking places	0	0	0	0	0	0
59	Miscellaneous retail	0	0	0	0	0	0
60	Depository institutions	0	0	0	0	0	0
62	Securities and commodities	0	0	0	0	0	0
63	Insurance carriers	3	4,009	1	1,200	3	4,009
65	Real estate	0	0	0	0	0	0
70	Hotel and other lodging	2	10,800	1	4,300	2	18,000
72	Personal services	0	0	0	0	0	0
73	Business services	3	7,500	1	5,000	3	7,500
75	Automotive repair	0	0	0	0	0	0
78	Motion pictures	0	0	0	0	0	0
79	Amusement and recreation services	4	23,040	2	4,000	2	19,040
80	Health services	12	76,090	7	17,990	8	61,840
81	Legal services	1	900	1	900	0	0
82	Educational services	2	4,750	0	0	2	4,750

cause they go beyond an intent to cooperate; however, the work of the committees is limited to discussions about the issues they are authorized to address.

Almost one-third (30.9 percent) of the contracts with cooperative clauses are agreements that do not go beyond stage 2. As shown in table 2, this number represents 15.4 percent of the total agreements analyzed and 13.1 percent of the employees covered under the agreements.

Clauses in agreements at stages 1 and 2 are important because they often provide a foundation for more substantive

relations. They do, however, have a major limitation: they fail to give employees the opportunity to participate in decisionmaking. The organization is thus deprived of significant contributions employees can make to enhance operational efficiency and accomplish strategic goals.

Traditional areas of cooperation (stage 3). The remainder of the analysis considers those agreements that provide for employee participation in making decisions (stages 3 through 6). More than two-thirds (69 percent) of the agreements with

cooperative clauses permit some form of employee input or decisionmaking authority. This figure represents almost one-third (32 percent) of all the agreements in the database. These agreements cover 36.7 percent of the total employees in the sample.

Historically, labor and management have found it advantageous to cooperate in what has been termed “integrative” areas. These areas involve topics that are of mutual interest and concern to both parties. If the topics are dealt with effectively, the result is a “win” for both sides. Such areas have generally included employee occupational safety and health, equal employment opportunity or human relations, drug and alcohol abuse, and employee health care and welfare. Table 2 displays data on the contracts that contain these types of cooperative provisions. Table 4 shows the number of contracts and employees covered, by industry, for each of the clauses in stage 3.

1. Drug-free workplace. Drug-free workplaces have become a major concern to both parties in the collective bargaining relationship. Many more contracts than might be expected, 72, spell out a joint responsibility of union and management in assuring a drug-free work environment. These clauses specify the actions that joint labor-management committees will initiate in resolving problems related to drugs and alcohol. The movement toward joint responsibility represents the recognition by management that unions need to assume an active role in encouraging employees to help ensure a drug-free workplace. Clauses addressing this subject also recognize the role of unions in complying with Federal and State regulations regarding the use of drugs and alcohol. The following are some examples of clauses asserting cooperation in agreements involving a drug-free workplace:

- Labor and management recognize alcohol and drug abuse as a sickness and a treatable condition.
- Labor and management commit to a joint policy to discourage the abuse of drugs and alcohol and to provide a treatment program (normally, an employee assistance program).
- Labor and management agree to a drug-testing program where appropriate.
- Labor and management commit to provide a safe workplace and promote employee health and well-being.

The agreed-upon conditions for drug or alcohol testing are specified in the contracts. Such tests, for example, are called for if required by Federal or State laws, —for instance, those issued by the Federal Departments of Transportation and Defense. Many agreements also impose testing if drug abuse is suspected due to accidents, erratic production, or other work-related deficiencies in performance.

Because of the continuing concern about, and adverse impact of, drug and alcohol abuse in the work environment, labor-management cooperation on this issue is likely to appear more frequently in future collective bargaining agreements.

2. Health care. Employee health care has become a contentious issue between labor and management as a result of an increasing trend to shift the costs of care to employees, reduce benefits, and even eliminate benefit plans. The analysis presented in this article focuses on agreements with clauses that explicitly permit the union to assist in designing or developing health care coverage, state agreed-upon cost containment measures, or establish a joint committee to work together on health care cost-containment efforts. Agreements that include a description of the health care plan without a statement as to the union’s role in designing the plan, or those in which the employer has agreed to contribute to the union’s health care plan fund, are not included in the results. Also not included are contracts in which the parties agreed to offer employees a health maintenance organization plan as an option to help contain health care costs.

Sixteen agreements include cooperative arrangements in designing the employees’ health care coverage and cost-containment provisions. Only 6 agreements provide for the establishment of a joint committee or task force on health care cost containment. The objectives of these committees relate to both cost containment and the quality of care. Activities of the committees may include any or all of the following:

- active participation in bidding for, and evaluation of, managed health care plans;
- investigation and promotion of alternative health care plans;
- determination of the causes of increases in health care premiums and renewal and development of recommendations to address areas of concern;
- promotion of awareness among employees of the efficient use of medical care and the impact of preventive care;
- development and monitoring of quality standards.

In spite of the high cost of health care and the contentiousness of the issue in past labor disputes, health care benefits remain an area with a low level of commitment to cooperate. The agreements with cooperative provisions in this area cover only 2.2 percent of the employees in the sample.

3. Human relations. Clauses expressing cooperation in the human relations area establish joint labor-management responsibility for dealing with problems and policies related to employment discrimination. Issues in this arena affect persons with disabilities and deal with affirmative action and workplace harassment of all types. Clauses pertaining to hu-

Table 4. Stage 3: traditional cooperative clauses in private-sector collective bargaining agreements expiring between September 1, 1997, and September 30, 2007, by industry

SIC code	Industry group	Drugs		Health		Human relations		Safety	
		Contracts	Workers	Contracts	Workers	Contracts	Workers	Contracts	Workers
	All industries	72	208,986	16	99,560	106	487,573	261	1,281,878
	Mining:								
10	Metal	0	0	0	0	0	0	2	4,885
12	Coal	0	0	0	0	0	0	0	0
	Construction:								
15	Building construction	22	62,430	1	1,650	6	11,680	17	61,000
16	Heavy construction	22	43,150	0	0	8	59,450	14	24,850
17	Special-trade construction	9	34,996	0	0	3	4,900	14	30,346
	Manufacturing:								
20	Food and kindred products	0	0	1	2,000	2	3,000	12	22,065
21	Tobacco products	0	0	0	0	0	0	0	0
22	Textile mill products	0	0	0	0	2	5,100	2	5,100
23	Apparel	0	0	0	0	0	0	3	43,400
24	Lumber and wood products	0	0	0	0	2	2,500	4	5,700
25	Furniture	0	0	0	0	0	0	0	0
26	Paper	1	1,000	0	0	8	9,970	18	20,140
27	Printing	0	0	0	0	2	2,400	2	5,000
28	Chemicals	0	0	0	0	1	2,500	2	2,900
30	Rubber	0	0	0	0	3	4,065	6	9,215
32	Stone, clay, and glass products ...	0	0	0	0	0	0	7	13,800
33	Primary metal	1	2,600	1	1,225	12	30,834	30	91,478
34	Fabricated metal	0	0	0	0	2	2,243	6	10,743
35	Industrial machinery	0	0	0	0	12	26,904	10	25,004
36	Electronic machinery	1	3,800	8	36,620	14	70,350	18	81,020
37	Transportation equipment	9	39,010	3	20,939	10	136,767	21	383,001
38	Measuring instruments	0	0	0	0	0	0	1	3,850
39	Miscellaneous manufacturing	0	0	0	0	0	0	1	1,181
	Nonmanufacturing:								
41	Local and suburban transit	0	0	0	0	0	0	0	0
42	Motor freight transportation	0	0	0	0	0	0	2	27,000
44	Water transport	0	0	0	0	0	0	0	0
48	Communications	0	0	2	37,126	2	26,303	15	147,509
49	Electric, gas, and sanitary services	0	0	0	0	2	5,892	20	55,610
51	Wholesale trade	1	1,000	0	0	1	1,000	1	1,000
53	General merchandise stores	0	0	0	0	1	30,000	1	30,000
54	Food stores	4	18,700	0	0	5	37,425	16	46,301
55	Automotive dealers	0	0	0	0	0	0	0	0
58	Eating and drinking places	0	0	0	0	0	0	0	0
59	Miscellaneous retail	1	1,000	0	0	2	2,000	0	0
60	Depository institutions	0	0	0	0	0	0	0	0
62	Securities and commodities	0	0	0	0	0	0	0	0
63	Insurance carriers	0	0	0	0	0	0	1	1,709
65	Real estate	0	0	0	0	2	6,000	0	0
70	Hotel and other lodging	0	0	0	0	0	0	0	0
72	Personal services	0	0	0	0	0	0	0	0
73	Business services	0	0	0	0	0	0	2	5,900
75	Automotive repair	0	0	0	0	0	0	0	0
78	Motion pictures	0	0	0	0	0	0	2	40,381
79	Amusement and recreation services	0	0	0	0	1	2,500	2	19,300
80	Health services	1	1,300	0	0	3	3,790	8	61,240
81	Legal services	0	0	0	0	0	0	0	0
82	Educational services	0	0	0	0	0	0	1	1,250

man relations are present in 106 contracts and are among the more prevalent clauses having to do with union-management cooperation.

Human relations committees are charged with the responsibility of handling proposals and initiatives involving workplace equity and diversity. They also resolve any clashes that may exist in this sensitive area. The committees' purposes include the promulgation of policies and procedures to pro-

note the utilization of minorities in the organization and to prevent various forms of discrimination. The committees also participate in the resolution of specific complaints from minority groups or disabled employees. The hierarchy of the union is involved in the decision process when a problem must be referred to higher management.

4. Occupational safety. The most prevalent type of coop-

eration in labor contracts is in the area of employee safety. Two hundred sixty-one contracts contain provisions for labor-management cooperation in occupational safety and health issues. Another 25 agreements do not have a separate safety clause, but include safety in the overall agreement to share joint decisionmaking in all activities of mutual interest and concern to the parties. Cooperative clauses on safety may call for the union and management to work together on matters such as accident prevention, exposure to health hazards, ergonomics, and methods of maintaining a safe work environment.

Security guarantee issues (stage 4). Stage 4 involves those contract clauses that affect the security of management and labor. They treat issues that affect the competitive position of the firm, the viability of the union, and the job security of the employee. Incorporating clauses that ensure security for the employer and the union are evidence of a significant level of trust and cooperation.

Among security guarantee issues are management neutrality in future union member-recruitment efforts and the restriction or elimination of nonunion work. Two other important job security issues for unions are reductions in the workforce and subcontracting work. Cooperative clauses offer guarantees to restrict or discontinue actions the union views as unfavorable for the life of the contract. For management, an important security issue is ensuring that labor prices will be consistent among competitors within an industry. This issue is embodied in what is known as a *favored "nation"* clause.

Historically, these security issues have been—and they continue to be—bones of contention between labor and management. The contracts that address such issues recognize that they are divisive and detract from a positive relationship. Table 5 displays the number of contracts with security guarantee clauses and the number of employees covered by those contracts, by industry.

1. Favored "nations". Sometimes, a union will negotiate an agreement with one or more employers in an industry on more favorable terms than those which were negotiated previously with other employers. A favored "nation" clause ensures an employer that it will receive the same terms negotiated with another employer if they are more favorable than the ones in its contract. This assurance of equal treatment is an important act of cooperation, enhancing security and trust between unions and employers. As shown in table 2, 46 labor agreements have favored "nation" clauses, which may include a statement to the effect that the union agrees that if it affords any terms or conditions more favorable to one employer than to another, with both of which it has a collective bargaining agreement and where both employers perform the same or similar work, then the more favorable terms will automatically apply to both employers.

2. Neutrality. One of the most troublesome issues in a cooperative labor-management relationship, and one addressed by the Collective Bargaining Forum, is the role assumed by management when a union with an existing contract attempts to organize workers in any of the employer's other facilities. As noted in table 2, 49 contracts have language addressing management neutrality in union organizing drives at new facilities.

A neutrality clause typically specifies management's role with regard to employees' efforts to join a union at a new facility. Sometimes the clause states that management will remain passive in dealing with the union's organizing efforts at a new facility. At locations where a union already exists, neutrality clauses normally state that the company will introduce newly hired employees to union officials.

Another form of neutrality consists of union security clauses, such as those pertaining to the union shop. Under these arrangements, the employee is required to join the union as a condition of employment. Union shop agreements are common to many contracts. In 22 States, however, it is illegal to have a clause that requires union membership as a condition of employment. Laws embodying such clauses were permitted by the Labor-Management Relations Act of 1947. A typical union security provision states that, where allowed by law, the employer agrees to require membership in the union as a condition of the continued employment of all employees performing any work with the employer.

3. No layoffs. Another job security issue, the possibility of permanent layoff, is vitally important to union members and is equally important in establishing trust and good faith between the two parties. Employers who understand this employee concern and who demonstrate their understanding by agreeing not to resort to permanent layoffs can increase employee trust immeasurably. Twenty-two agreements covering 2.8 percent of the employees in the sample specify that management will institute no layoffs for the life of the contract.

Because of the vagaries of business, however, many employers are unable to estimate future employee needs accurately. These employers may want to prevent layoffs, but are unwilling to commit to a blanket "no layoff" policy. Thus, 55 agreements include a statement to the effect that all efforts will be made to limit the potential for, or impact of, a permanent layoff, but do not guarantee that there will be no such layoffs.

4. No subcontracting of work. Another contentious issue affecting job security is the practice by some employers of selecting an aspect of work that is currently performed by in-house employees and subcontracting the work to outside sources. The outsourcing may consist of a part of a process, or it might be an entire operation.

Generally, an employer will subcontract work if it estimates

Table 5. Stage 4: security guarantee cooperative clauses in private-sector collective bargaining agreements expiring between September 1, 1997, and September 30, 2007, by industry

SIC code	Industry group	Favored "nations"		Neutrality		No layoffs		No subcontracting	
		Contracts	Workers	Contracts	Workers	Contracts	Workers	Contracts	Workers
	All industries	46	141,630	49	205,116	22	123,811	14	32,537
	Mining:								
10	Metal	0	0	0	0	0	0	0	0
12	Coal	0	0	0	0	0	0	0	0
	Construction:								
	Building construction	17	56,600	10	38,110	1	1,600	4	5,150
16	Heavy construction	10	5,530	4	7,550	1	1,800	2	10,450
17	Special-trade construction	11	35,900	3	4,900	1	1,400	1	1,200
	Manufacturing:								
	Food and kindred products	0	0	0	0	0	0	1	1,800
21	Tobacco products	0	0	0	0	0	0	0	0
22	Textile mill products	0	0	0	0	0	0	0	0
23	Apparel	0	0	0	0	0	0	0	0
24	Lumber and wood products	0	0	0	0	0	0	0	0
25	Furniture	0	0	0	0	0	0	0	0
26	Paper	0	0	1	1,000	0	0	0	0
27	Printing	0	0	0	0	0	0	0	0
28	Chemicals	0	0	0	0	0	0	0	0
30	Rubber	0	0	0	0	0	0	0	0
32	Stone, clay, and glass products	0	0	0	0	0	0	0	0
33	Primary metal	1	1,800	10	48,542	3	12,441	0	0
34	Fabricated metal	0	0	3	3,443	0	0	0	0
35	Industrial machinery	0	0	2	2,300	5	14,620	2	2,800
36	Electronic machinery	0	0	6	30,320	1	5,000	1	1,900
37	Transportation equipment	0	0	5	48,500	3	19,500	2	5,637
38	Measuring instruments	0	0	0	0	0	0	0	0
39	Miscellaneous manufacturing ...	0	0	0	0	0	0	0	0
	Nonmanufacturing:								
41	Local and suburban transit	0	0	0	0	0	0	0	0
42	Motor freight transportation	0	0	1	10,000	1	10,000	0	0
44	Water transport	1	1,300	0	0	0	0	0	0
48	Communications	0	0	2	6,551	0	0	0	0
49	Electric, gas, and sanitary								
	services	0	0	0	0	0	0	1	3,600
51	Wholesale trade	0	0	0	0	0	0	0	0
53	General merchandise stores	0	0	0	0	0	0	0	0
54	Food stores	0	0	1	2,800	2	4,800	0	0
55	Automotive dealers	0	0	0	0	0	0	0	0
58	Eating and drinking places	0	0	0	0	0	0	0	0
59	Miscellaneous retail	0	0	0	0	0	0	0	0
60	Depository institutions	0	0	0	0	0	0	0	0
62	Securities and commodities	0	0	0	0	0	0	0	0
63	Insurance carriers	0	0	0	0	0	0	0	0
65	Real estate	2	6,000	0	0	0	0	0	0
70	Hotel and other lodging	1	13,500	0	0	0	0	0	0
72	Personal services	0	0	0	0	0	0	0	0
73	Business services	1	8,500	0	0	0	0	0	0
75	Automotive repair	0	0	0	0	0	0	0	0
78	Motion pictures	1	11,000	0	0	0	0	0	0
79	Amusement and recreation								
	services	1	1,500	0	0	0	0	0	0
80	Health services	0	0	1	1,100	3	49,150	0	0
81	Legal services	0	0	0	0	0	0	0	0
82	Educational services	0	0	0	0	1	3,500	0	0

that the work can be performed less expensively by an outside source. Other factors that also influence the decision to outsource work are a subcontractor's possession of exclusive technological knowledge and the employer's belief that the subcontracted work may be particularly unsafe or unhealthy. Because of these bona fide business reasons, employers are sensitive to any constraints on subcontracting. They are reluctant to agree to a proposal that may impose a long-run con-

straint on their ability to remain competitive. Hence, only a relatively small number of employers have agreed to such clauses, which are, consequently, included in only 14 of the contracts examined, covering a mere 0.7 percent of the employees in the sample.

The low incidence of guarantees against subcontracting may explain why this is such a volatile issue among employees. Recently, a confrontation between a major communica-

tions company and the communication workers' union dealt primarily with the subcontracting and other security issues. The confrontation and subsequent strike that ensued were over the union's proposal that current employees should be given the first opportunity to perform all work for the employer, including work that resulted from new technology. At the heart of the dispute was the potential for the replacement of workers by new technology and the possibility of subcontracting substantial portions of work rather than training current personnel.

This issue, which is vitally important to employees, is linked to the stability and security of employment for permanent employees. Clauses to preserve and promote union work and to assure employers of fair treatment, while less prevalent, form a strong basis for trust between the parties. These clauses also are within the spirit of the Collective Bargaining Forum's vision for a new cooperative work environment. A typical clause in an agreement in which the employer has agreed to give first consideration to union members for all work opportunities states that the parties will form a work preservation committee to increase the competitiveness of union contractors and preserve work opportunities for union employees and employers.

Beyond the traditional areas of cooperation, security issues provide an important foundation for cooperation on high-performance work practices such as those described in the next section. Employees will be reluctant to suggest labor-saving ideas and promote the introduction of new technology if they believe that these will result in layoffs. Thus, job security is a vital antecedent for achieving successful results from efforts to involve employees in improving products and adhering to high-performance work practices.

High-performance work practices (stage 5). A critical factor motivating the movement toward more cooperative labor-management relationships has been the pressure of world competition. Continuous improvement in quality, productivity, and customer service is needed for a firm's long-run survival. During the past decade, this concern has influenced many companies to introduce issues surrounding high-performance work practices into collective bargaining talks. Such practices focus on product innovations, improvements in processes, customer needs and satisfaction, and the involvement of employees in decisions related to these areas.

Table 2 shows that 154 contracts have some form of continuous improvement or employee involvement program. Clauses related to this objective detail the need for labor-management cooperation in order for the program to be successful and achieve the goal of establishing and maintaining a high-performance workplace. Table 6 displays the number of agreements with stage-5 provisions and the number of employees covered by those agreements, by industry.

Table 6. Stage 5: high-performance work practice clauses in private-sector collective bargaining agreements expiring between September 1, 1997, and September 30, 2007, by industry

SIC code	Industry group	Contracts	Workers
	All industries	154	854,803
	Mining:		
10	Metal	0	0
12	Coal	2	2,750
	Construction:		
15	Building construction	11	22,600
16	Heavy construction	4	6,800
17	Special-trade construction	11	19,600
	Manufacturing:		
20	Food and kindred products	0	0
21	Tobacco products	0	0
22	Textile mill products	0	0
23	Apparel	1	6,200
24	Lumber and wood products	1	1,000
25	Furniture	0	0
26	Paper	9	9,810
27	Printing	1	3,000
28	Chemicals	1	1,800
30	Rubber	4	6,215
32	Stone, clay, and glass products ..	2	4,400
33	Primary metal	23	87,029
34	Fabricated metal	3	3,043
35	Industrial machinery	10	25,170
36	Electronic machinery	18	83,370
37	Transportation equipment	30	451,114
38	Measuring instruments	0	0
39	Miscellaneous manufacturing	0	0
	Nonmanufacturing:		
41	Local and suburban transit	0	0
42	Motor freight transportation	0	0
44	Water transport	0	0
48	Communications	1	2,847
49	Electric, gas, and sanitary services	1	3,100
51	Wholesale trade	1	1,000
53	General merchandise stores	0	0
54	Food stores	5	18,725
55	Automotive dealers	0	0
58	Eating and drinking places	0	0
59	Miscellaneous retail	0	0
60	Depository institutions	0	0
62	Securities and commodities	0	0
63	Insurance carriers	0	0
65	Real estate	0	0
70	Hotel and other lodging	2	15,000
72	Personal services	0	0
73	Business services	2	2,500
75	Automotive repair	0	0
78	Motion pictures	0	0
79	Amusement and recreation services	2	2,540
80	Health services	7	70,440
81	Legal services	0	0
82	Educational services	2	4,750

Continuous improvement and employee involvement programs incorporate many of the principles set forth by the Collective Bargaining Forum. Employees are encouraged to take greater responsibility for decisionmaking in the work environment and are given the opportunity to present their views for consideration by management. The programs ensure job security through various initiatives, such as training opportunities to acquire any skills needed as work technology

changes. Open communication is encouraged in an environment built on trust, mutual respect, commitment, and cooperation. Most of these programs deal primarily with work relationships at the plant level; however, a number of companies with such programs have oversight committees at the national and divisional levels.

Employee involvement in decisions regarding productivity and improvements in the quality of products and services requires the employee to accept the new work environment and cooperate with management in taking advantage of it. In addition, union cooperation is important. All agreements with clauses on high-performance workplaces have a statement recognizing the necessity of union-management cooperation. Some agreements have provisions for the establishment of an ongoing committee to work in an oversight capacity or to ensure that labor and management interact jointly in the program.

All agreements with continuous improvement programs include employee participation as the foundation for creating a high-performance environment. Most agreements with these programs stress team concepts in managing daily activities. Generally, the contract language emphasizes the need for a fundamental change in the work environment and the stake that both the company and employees have in maintaining a competitive edge in world markets. To achieve the goals of improvements in productivity and quality and high customer satisfaction, the following principles and practices are included in most programs:

- The program is founded on mutual respect and trust.
- Any plan that is implemented must ensure improved knowledge, flexibility, consensus decisionmaking at the production level, and accountability.
- The program should focus on improving the quality and quantity of the product, reducing its costs, showing concern for customer needs, and effecting a partnership between the company and the customer. Success requires employee and management cooperation, a team concept, improved communication with information openly exchanged, and a shared commitment to the company's competitiveness and profitability.
- Employees should be involved in decisionmaking at all levels, take responsibility for, and action on, the decisions they make, and develop the skills and knowledge to become primarily self-directed.
- Committees should be established to investigate, evaluate, and resolve problems with quality, efficiency, safety, training, and working conditions.
- Results should be benchmarked to promote or justify capital investment.
- Training in multiple skills and tasks should be continually offered.

- Job security should be assured, with no layoffs of employees due to the implementation of the high-performance work practices or new technology, except by attrition or as a result of a financial exigency related to reversals in market conditions.
- A union-management steering committee should be established to monitor the results of instituting high-performance work practices and new technology.

A substantial number of the agreements with continuous improvement efforts incorporate all of the above principles and practices. The agreements recognize that the union, as much as management, has an incentive to commit to this new work environment. A basic element of almost all the programs is the acknowledgement by management of the importance of its employees and the assurance that extensive measures will be taken to create an environment in which employees can flourish.

In each of the agreements, the concerns and input of employees are the central focus of the programs. Also, it is recognized that cooperation between labor and management is essential to the success of the program. The principles and practices in these contract clauses address many of the guidelines established by the Collective Bargaining Forum in its *Compact for Change*.

The agreements that incorporate a commitment to high-performance work practices do not necessarily give decisionmaking authority to employees. This kind of authority is the measure of a true partnership. The final section of analysis deals with those relationships that have evolved to the point of a full or extensive partnership between labor and management.

Partnerships for the workplace of the future. Many labor agreements go beyond cooperation with regard to one or more of the issues described in the previous stages. These agreements embody the vision of the *workplace of the future* and either are currently operating under its practices or are in transition with the aim of doing so. Eighty-one agreements, or 7.9 percent of the total, call for a full or extensive partnering relationship between labor and management. Fourteen percent of the employees in the sample are covered by an agreement that recognizes some form of partnership between the two parties. Table 7 displays these agreements by industry.

The criteria used in categorizing a particular agreement as a partnership are the guidelines in the *Compact for Change*. These benchmarks are summarized by the following 10 points:¹⁰

1. The parties should jointly work to increase productivity and enhance the quality of products in order to assure employees of long-term security and a rising standard of living.

Table 7. Stage 6: cooperative partnerships in private-sector collective bargaining agreements expiring between September 1, 1997, and September 30, 2007, by industry

SIC code	Industry group	Extensive partnerships		Full partnerships	
		Contracts	Workers	Contracts	Workers
	All industries	54	422,823	27	200,165
	Mining:				
10	Metal	0	0	0	0
12	Coal	3	18,750	0	0
	Construction:				
15	Building construction	0	0	4	11,000
16	Heavy construction	2	4,000	1	1,000
17	Special-trade construction	1	2,500	2	6,100
	Manufacturing:				
20	Food and kindred products	0	0	0	0
21	Tobacco products	0	0	0	0
22	Textile mill products	0	0	0	0
23	Apparel	1	6,200	0	0
24	Lumber and wood products	0	0	0	0
25	Furniture	0	0	0	0
26	Paper	8	8,920	0	0
27	Printing	1	3,000	0	0
28	Chemicals	0	0	0	0
30	Rubber	2	3,550	0	0
32	Stone, clay, and glass products	2	4,400	0	0
33	Primary metal	7	22,700	12	57,888
34	Fabricated metal	1	1,000	1	1,243
35	Industrial machinery	6	18,850	0	0
36	Electronic machinery	8	37,120	0	0
37	Transportation equipment	9	273,083	7	122,934
38	Measuring instruments	0	0	0	0
39	Miscellaneous manufacturing	0	0	0	0
	Nonmanufacturing:				
41	Local and suburban transit	0	0	0	0
42	Motor freight transportation	0	0	0	0
44	Water transport	0	0	0	0
48	Communications	0	0	0	0
49	Electric, gas, and sanitary services	0	0	0	0
51	Wholesale trade	0	0	0	0
53	General merchandise stores	0	0	0	0
54	Food stores	0	0	0	0
55	Automotive dealers	0	0	0	0
58	Eating and drinking places	0	0	0	0
59	Miscellaneous retail	0	0	0	0
60	Depository institutions	0	0	0	0
62	Securities and commodities	0	0	0	0
63	Insurance carriers	0	0	0	0
65	Real estate	0	0	0	0
70	Hotel and other lodging	0	0	0	0
72	Personal services	0	0	0	0
73	Business services	0	0	0	0
75	Automotive repair	0	0	0	0
78	Motion pictures	0	0	0	0
79	Amusement and recreation services	0	0	0	0
80	Health services	2	17,500	0	0
81	Legal services	0	0	0	0
82	Educational services	1	1,250	0	0

2. Management should reflect the continued improvements in productivity and the quality of products in its decisions regarding worker compensation, the organizational structure, pricing, and investment.

3. Unions and employers should jointly develop the leadership and technical skills of their workers.

4. Unions and employers should jointly develop ways to promote teamwork and employee involvement in developing and administering personnel policies and in strategic decisionmaking to achieve organizational goals.

5. The employer and union must commit to open and early sharing of all information relevant to corporate strategies and the relationship between the parties.

6. The employer and union should share their views and agree on how employee representation will be determined at new facilities.

7. Permanent separation of workers will be an action of last resort.

8. Both the union and the employer should be jointly committed to a work environment in which disputes are resolved

in an amicable manner, without resort to strikes, lockouts, or hiring replacements.

9. Both parties should be committed to worker participation at all levels of decisionmaking in order to provide continuous improvement in products, services, safety, employment security, and productivity.

10. It is essential that employees have input in the design and application of new technology and in the planning and development of any new system for the allocation of tasks.

There are differences in language among the various agreements, of course, but the aforementioned 81 contracts meet all of the benchmarks of the *Compact for Change*, except in one key area: strategic decisionmaking, stage 6 of the cooperation continuum. Thus, a distinction is made between a *full* and an *extensive* partnership.

A full partnership is an arrangement in which the union shares decisionmaking and participates in dealing with the strategic issues the firm faces. This means that labor and management participate equally in the formulation and implementation of the company's business plan and in its financial planning, investments, markets, competitive strategies, and production processes. Participation takes place throughout the organization, from the boardroom down to the shop floor. Twenty-seven (2.6 percent) of the agreements qualify as a full partnership. These 27 contracts cover 4.5 percent of the employees in the sample.

The remaining 54 agreements are extensive enough to qualify as partnerships as well, although the involvement, if any, of workers in strategic decisionmaking starts after the development of the firm's business plan. Thus, labor is not involved in such activities as investments and financial planning. Accordingly, benchmark 4 of the *Compact for Change* is the major difference between the 27 full partnerships and the remaining 54 agreements categorized as extensive partnerships. All 81 agreements have clauses providing for shared decisionmaking and joint activities. Clauses in all 81 agreements have language that calls for an equal role for unions in the decisionmaking process. All of these agreements also contain clauses involving the union in decisionmaking after the development of the company's business plan. The *full* participation in the firm's strategic planning is what uniquely separates the 27 full-partnership agreements from the other 54 that do not allow such participation.

Extensive-partnership agreements. Extensive, but less than full, partnerships can be found in agreements among a broad range of industries. Most are in the manufacturing sector. The extensive-partnership agreements in manufacturing cover 8.4 percent of the employees in the sample. Extensive partnerships are noticeably missing from the nonmanufacturing sec-

tor, with the exception of the agreements in the health services industry and one in educational services.

1. Transportation equipment. The transportation equipment industry has the largest number of extensive-partnership agreements, nine, covering the largest number of employees (6.1 percent of the sample). This industry includes automotive, aircraft, and other transportation equipment manufacturing firms.

In the automobile-manufacturing industry, the agreement at New United Motor Manufacturing, Inc., offers one of the most touted examples of an extensive-partnership agreement. The focus of union involvement is on production and the quality of the firm's products. The union has access to information and is informed of the business decisions that affect workers. The agreement is not a full partnership, however, because it does not provide for union involvement in the strategic decisionmaking process. General Motors also has less than a full-partnership contract, with strategic planning reserved solely for management. The other major automobile-manufacturing companies, Chrysler and Ford, are signatories to a full partnership and are discussed later.

2. Industrial and electronic machinery. Further examples of extensive-partnership agreements are found in the industrial machinery (six agreements) and electronic machinery (eight contracts) industries. In each of these industries, less than 1 percent of the employees in the sample are covered by these agreements.

Lucent Technologies (formerly owned by AT&T Corporation), a part of the electronic machinery industry, is a standard bearer of cooperative labor-management relations. The firm has several agreements with unions in the industry in various geographical areas. Each of these agreements contains a substantial section entitled "Workplace of the Future." The company and the unions representing the workers (the International Brotherhood of Electrical Workers [IBEW] and the Communications Workers of America [CWA]) define their shared vision of the future as the establishment of a world-class, high-performance organization that addresses employee security through constant growth, continuous improvement in quality and productivity, and increased profitability. Clauses in the agreements stipulate that collective bargaining will be the framework through which the mutual goals of labor and management will be accomplished. The agreements recognize the unions as legitimate partners in the future of the company and specify that managerial decisions should be arrived at in concert with unions. The agreements have four major areas of focus:

- The joint development of workplace models to evaluate change, the quality of services, the quality of work life,

customer satisfaction, market competitiveness, and other relevant subjects.

- The establishment of business-planning councils that carry out the local and divisional business plan and address workplace issues. Unions are assured of full decision-making authority on these councils.
- The promotion of employee security. One mission of the business-planning councils is to address issues such as the avoidance of adverse impacts on employees resulting from decisions involving the introduction of new technology, subcontracting, and reductions in force.
- The provision of employee education and training. The agreements specify the importance of providing education and training “to develop common understandings, describe business strategies, and develop union expertise in new technology.”¹¹

The Lucent agreements established “constructive relationship councils” to resolve issues that arise in the business-planning councils, to monitor progress towards achieving the new kind of workplace, and to approve specific cooperative ventures and pilot programs. The constructive relationship councils have the authority to change the language of the Lucent labor-management agreements on a trial basis to meet business needs. In addition, the agreements provide for the establishment of human resource boards to review all human resource issues worldwide. The joint labor-management responsibilities of these boards include analyzing the business plan, providing for employee training and development, implementing employee involvement in the firm’s decisions, monitoring continuous improvement programs, managing change, dealing with new technology and its impact, and providing for employment security for workers.

The Lucent contracts are excellent examples of the language and methods employed for achieving the workplace of the future. Although the process of achieving a strategic partnership is in place, many of the principles have not been put into practice, but rather, are in the developmental stage. Management and labor have agreed to continue to develop the four components described above, but have yet to agree upon roles and responsibilities, how the relationship will be described and communicated throughout the firm, and what will be the substance, and who will be the providers, of training. Thus, these contracts are not categorized as being at the full-partnership stage.

3. Coal mining. There are three partnership agreements in the coal-mining industry, covering less than 1 percent of the employees in the sample. The bitter and debilitating strikes in the early 1990s were the impetus for an extensive partnership formed between the United Mine Workers Union, a group of individual mining firms, and the Bituminous Coal Operators

Association. The agreement commits the parties to joint efforts toward continuous improvement in production processes, safety conditions, training methods, and educational programs. The parties also agreed to increase investment in technology and human resources skills and to discard old ways of dealing with one another in an atmosphere of mistrust, opting instead to foster a new environment of mutual trust and good-faith acceptance of each other. The parties established a labor-management policy committee to encourage mutual cooperation at all levels and also committed themselves to solving problems jointly and communicating all information relevant to their relationship. Another arrangement in the agreement sets the stage for the parties to explore nonadversarial methods of resolving their differences. A number of clauses call for joint decisionmaking wherever appropriate to foster continuous improvement and encourage employee commitment and involvement in the tenets of the agreement. These new partnerships have been a major factor in the diminished level of conflict between the parties.

4. Paper products. Several successful firms in the highly competitive paper products industry have achieved cooperative labor-management partnerships. Eight such agreements have extensive partnering relationships that cover 8,920 employees.

The major firms in this industry, such as Scott Paper, Bowater, Kimberly Clark, Boise Cascade, and Champion International, have developed extensive partnership agreements with several of their unions. The agreements define the need for a strategic partnership between union and management and typically establish labor-management partnership committees for this purpose. Contracts in most of these firms provide for national, divisional, and local committees, in addition to the labor-management partnership committee. Provisions stipulate joint decisionmaking between union and management at all levels, except for strategic issues. Among other responsibilities, the committees are charged with assisting the organization in adapting its policies to meet the competitive needs of the market. Other clauses involve the provision of employment security for workers through the elimination of reductions in the workforce except through attrition.

Full-partnership agreements. The 27 full-partnership agreements are displayed by industry in table 7. The only industries that have such agreements are primary metals, transportation equipment, and construction. The steel (primary metals) industry is unique in that almost all of the major companies in the sample that are in the industry have a full-partnership arrangement.

1. Primary metals. The primary metals industry has the largest number of partnership agreements. The 12 agreements

cover slightly more than 1 percent of the total employees in the sample. The steel and aluminum industries are represented in these contracts. The partnerships formed in the steel industry fully incorporate the union in every significant phase of the firm's decisionmaking process. In almost every agreement, union involvement extends from the boardroom to the shop floor. The language in each of the contracts includes clauses similar to the following:

- The companies and the unions believe that a strong and flexible company with committed employees is the foundation for employee security and long-term corporate success.
- The parties agree that the goals of promoting the continued viability of the firm, developing processes for continuous improvement in productivity and quality, and implementing technological change can be achieved only through union-management cooperation and a shared vision of the future.
- The parties agree to form national joint strategic partnership committees to extend the labor-management partnership throughout the company in all aspects of the business. These committees, in most instances, are composed of the president and chief operating officer of the company, vice presidents of various production divisions, the vice president of the human resources division, the co-chairs of the collective bargaining committee, and top national and district union officials. The committees operate from the national level to the shop floor or other lower production level of the company.
- The parties agree to reduce the workforce only by attrition, to include employees in the assessment and implementation of new technology, and to establish joint procedures to deal with production, training, quality, and related matters.
- The agreements specify that decisionmaking authority will be shared at all levels of the organization and that decisions will be made by consensus. Where the parties cannot agree, the decision can be referred through various committees to the chief executive of the division or firm, who has ultimate authority to resolve the matter.
- The agreements generally specify that the parties will work together to influence the external environment by focusing on legislation that both affects the industry and addresses community and environmental concerns.

Firms in the steel industry and the United Steelworkers Union have achieved the goals of the workplace of the future by sharing authority throughout the organization. In the process, neither party, according to both the language and the spirit of the contract, has given up its traditional role, but instead has recognized that their roles do not have to be in conflict.

Historically, the steel industry has been characterized by highly contentious labor-management relations. This trend began to change with the increased competitive pressures faced by the industry in the 1960s and 1970s. Industry representatives from the union and from management recognized that their relationship had to change to meet competition and ensure employee security. This recognition led to long-term contracts of 7 and 9 years' duration in the 1970s and 1980s, respectively. The contracts were preludes to the partnership agreements found in the steel industry today.

Alcoa, one of the largest firms in the aluminum industry, has full-partnership agreements with its unions. The provisions in these agreements include a clause entitled "Cooperative Partnership Agreement" that establishes joint decision-making by union and management, from executive management to the lowest levels of the organization. The agreements contain commitments by labor and management to work together on decisions affecting customer requirements, business objectives, and stockholder and employee interests. The agreements provide for the establishment of national oversight committees and a framework of other committees to achieve the foregoing objectives at each level of the organization. The parties state that the agreements will be driven by a shared vision of continuous improvement and employment security for workers. The latter is ensured through provisions that require catastrophic market conditions in order to reduce the number of employees or incur layoffs. Many of the agreements provide for union involvement in discussions of mergers, buyouts, or other proposals affecting the partnership. Some contracts have provisions for building union-management joint decisionmaking and problem-solving relationships.

2. Transportation equipment. The transportation equipment industry has the second largest number of full-partnership agreements. Seven agreements cover 2.8 percent of all the employees in the sample.

Harley Davidson Motor Company is in this industry. Driven by competitive problems and declining profitability, Harley Davidson developed one of the most extensive partnership agreements ever. In cooperation with the International Association of Machinists, the firm created a cooperative agreement with an elaborate vision of the workplace of the future. The agreement focuses on achieving a high-performance work environment and employment security for workers, with no reductions in force during the life of the contract. The agreement provides for joint labor-management decisionmaking in such areas as the redesign of the organization, employee training and development, the design of work teams, and the implementation of a process of continuous improvement. The union also partners with management in addressing business needs in production, capital investment, new

technology, products, the development of employee skills, and customer relations. The firm employs a process of continuous improvement that includes training employees in multiple skills and tasks, involving employees in teams and in making decisions, and focusing on the quality of products and customer needs. The agreements have been a major factor in the diminished level of conflict between the parties. Undoubtedly, the new relationship plays a major role in the firm's continued success in a highly competitive industry.

The two major auto manufacturers with full partnerships are Chrysler and Ford. Unlike the more limited contracts at New United Motor Manufacturing, Inc., and General Motors, the agreements at Chrysler and Ford plants involve joint decisionmaking at the strategic level. Union members have input and, in some cases, a vote. The union is a full participant in several national initiatives, such as the National Joint Committee on Employee Involvement, Quality, and Safety. As a joint partner on this committee, the union participates in decisions affecting the quality of products, employee training, customer relations, and other work-related issues.

3. Construction. The construction industry has six full-partnership agreements covering less than one-half of 1 percent of the employees in the sample. The agreements are between the union and an association of employers. Joint conference boards ensure that unionized contractors do not lose work to nonunionized competitors. The agreements provide a mechanism, in the form of a committee, for assisting employers in reviewing the nature of the competition they are facing and for protecting union job opportunities. Such committees can modify contracts to meet market needs or address problems of mutual labor-management interest.

THE PRECEDING ANALYSIS reveals that considerable headway has been made toward a new collective bargaining paradigm.

Fourteen percent of the employees in the sample examined are working under a partnering relationship. Skeptical readers, however, might point to recent major labor strife at General Motors, United Parcel Service, Northwest Airlines, and Bell Atlantic as examples of the fact that relations have changed little in the past decade. None of these workplaces were operating under a full partnership. But, to the contrary, these conflicts have only served to move change in the direction of a new, cooperative relationship.

After the \$2.2 billion work stoppage, General Motors and the United Auto Workers stated that a new, less frictional and damaging method needed to be found to resolve union-management differences. Following a brief work stoppage over who would fill jobs involving new technology, Bell Atlantic agreed to provide training for workers, involve the union in training and job decisions, and give current employees the opportunity to fill the new jobs. This agreement could be the first step in an ongoing cooperative effort by the CWA and Bell Atlantic, because the CWA already has a substantial agreement with AT&T that provides joint decisionmaking on these same issues.

The large number of extensive partnerships are very far along the continuum in their quest to reach the ultimate goals of the workplace of the future. The agreements they have entered into cover substantial numbers of employees. The parties have committed themselves to change and, in many cases, are in the process of changing their relationship. As existing agreements expire, the number of partnerships will likely increase.

Prospects for a strategic partnership alliance in the workplace of the future, however, appear somewhat limited in most unionized settings for the near term. Less than half of the agreements have any cooperative clauses or any intent to cooperate. In addition, only 27 percent of the agreements explicitly refer to cooperation between the two parties. □

Footnotes

¹ "Saturn: Labor's Love Lost?" *Business Week*, Feb. 8, 1993, pp. 121–22.

² *Labor-Management Commitment: A Compact for Change* (U.S. Department of Labor-Management Relations and Cooperative Programs, 1991), p. iv.

³ *Ibid.*, pp. 1–2.

⁴ See Thomas Kockan, Harry Katz, and Robert McKersie, *The Transformation of Industrial Relations* (New York, Basic Books, 1986); and Barry Bluestone and Irving Bluestone, *Negotiating the Future: A Labor Perspective on American Business* (New York, Basic Books, 1992).

⁵ Michael H. Cimini and Susan L. Behrmann, "Labor-management bargaining in 1993," *Monthly Labor Review*, January 1994, pp. 20–35.

⁶ Commission on the Future of Worker-Management Relations, "Em-

ployee Participation and Labor-Management Cooperation in American Workplaces," *Challenge*, September/October 1995, pp. 38–50.

⁷ *Ibid.*

⁸ Edward Cohen-Rosenthal and Catherine Alfandre, "Creative Union-Management Relation," *Journal of Quality and Participation*, June 1995, pp. 16–24.

⁹ Augustus Abbey, "Labor-Management Programs: Fostering Bilateral Cooperation," *Industrial Management*, September/October 1996, pp. 21–23.

¹⁰ *Labor-Management Commitment: A Compact for Change* (U.S. Department of Labor, 1991).

¹¹ AT&T Microelectronics and the International Brotherhood of Electrical Workers agreement, May 28, 1995, expires May 30, 1998.