

“As unions and management work together on cooperative programs, this cooperation not only reduces the emotional heat in their collective bargaining; it encourages them to experiment with new ways of resolving problems.”



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UNION-MANAGEMENT COOPERATION

THE UNITED STATES SO FAR HAS PRODUCED NO national system of union-management cooperation. To some supporters of cooperation, this may seem a serious deficiency. On the other hand, the emergence here and there over the years of a variety of company or local systems makes it possible for practitioners and researchers to determine what system or systems work best in our country or in certain local areas. Here we shall focus on the history of these developments, concentrating particularly on the period from the 1940s to the 1990s.

Let us begin with the National Planning Association (NPA) studies entitled *Causes of Industrial Peace under Collective Bargaining*. In the 1940s, the NPA, a private not-for-profit organization in which some prominent union leaders and management officials and students of industrial relations participated, carried out a series of 13 case studies. In 1953, the NPA issued *Fundamentals of Labor Peace: A Final Report*, written by some of the leaders in industrial relations research of the 1940s and 1950s: Clinton S. Golden of the United Steelworkers, chairman of the committee conducting the studies, Clark Kerr, John T. Dunlop, Douglas McGregor, Frederick H. Harbison, and Charles A. Myers.

In the final report, the authors arrive at this overall evaluation (p. 6):

It is clearly evident that there are relative degrees of industrial peace. These range from a precarious equilibrium of mutually hostile forces for a stated period of time—the life of an agreement—to an enduring, harmonious, and cooperative relationship of a really creative character. Under presently existing conditions, neither of the extremes represents the typical. There is some evidence, though, that we are moving from the first *in the direction* of the second, which may be thought of as the ideal. (italics in original)

Let us see to what extent the trend predicted in the 1950s has materialized in the 1980s and 1990s. The authors never define what they mean when referring to a relationship of a really “creative character.” We shall provide our own definition in distinguishing between a conventional relationship in which the parties are generally able to resolve their differences through collective bargaining and one in which the parties have found new and more effective ways of organizing the work and jointly solving their human and technical problems.

By separating union-management cooperation from collective bargaining, we do not mean to imply that they have no relationship to each other. On the contrary, the nature of that relationship is one of our principal concerns, which we shall explore further as we review the history of cooperative efforts from 1940 to the 1990s.

Precursors

During World War I, the government sought to foster cooperation, but after the war, as conservative governments took over, cooperative arrangements declined. Nevertheless, some American Federation of Labor Unions were active in working with employers to help the firm to survive in the face of challenges from non-union firms. For example, "Through loans and technical assistance to manufacturers hovering on the brink of insolvency, the Amalgamated Clothing Workers saved the jobs of thousands of workers who would otherwise have been thrown upon the streets" (McKelvey, 1952: 124). It should be noted, however, that job security for remaining workers was gained at the expense of those being laid off by technical and organizational changes in the industry (see Perlman and Taft, 1935: 587-88). The union leaders believed that more jobs would have been lost to non-union firms without this union-supported modernization program.

In the 1940s, the International Ladies Garment Workers Union (ILGWU) pursued a similar strategy, under the leadership of William Gomberg, director of the Management Engineering Department. With his influential book *A Trade Union Analysis of Time Study* (1948, 1955), Gomberg challenged the basic assumptions of scientific management: that management possessed the knowledge to measure expected work performance and to set scientific standards. Gomberg's challenge helped unions to legitimate collective bargaining on all aspects of work performance.

Outside of manufacturing, Sumner Slichter (1960: 851-56) discusses far-reaching cooperative programs in the Baltimore and Ohio Railroad and later in the Tennessee Valley Authority, after the dams were built between 1933 and 1944.

In 1937, a striking innovation arose from the United Steelworkers Union. Joseph Scanlon, an accountant with a small steel company that

was going bankrupt, worked out a rescue plan that has come to carry his name ever since. "The Scanlon Plan consists of two basic parts: (1) a social process whereby suggestions for productivity improvements can be made and carried out; (2) a formula for sharing the fruits of productivity improvements on a plant-wide basis" (Whyte, 1955: 166). The plan caught on. The Union moved Scanlon to national headquarters, where he helped to install the plan in a number of companies. Later he moved to the Massachusetts Institute of Technology, where he continued to spread the plan with interested union leaders and management officials.

In some of the first Scanlon Plan cases, the formula was based on a ratio of labor costs to sale value of the products produced. Since that time, other formulas have been developed in other Scanlon Plan cases and in similar plans developed by other authors. (For one of the early cases, see Shultz and Crisara, 1952.)

The Scanlon Plan has innovative features that make it of interest to students and practitioners of labor relations more than a half century after its inception. As Scanlon and others have pointed out, the financial formula is effective only when it is combined with an active program of worker and union leader participation in decision making. The switch to a plant-wide incentive system eliminates the high administrative costs involved in maintaining systems of individual incentives, especially as working methods change and new rates must be devised. It eliminates the perceived problem of inequities when production workers, who are on individual incentives, make more money than more highly skilled maintenance workers who are not on incentives. It tends to eliminate one of the most frequent sources of union grievances: arguments over the equity of new rates established after management claims a "major change" in work methods has been introduced. A plant-wide incentive must be renegotiated from time to time, but this is a collective rather than an individual problem.

Such systems fit into a pattern of *mutual gains bargaining*, also called *win-win* or *interest bargaining*, which is becoming increasingly popular with some unions and some managements in the 1990s.

In the 1930s and 1940s, there was a drastic change in industrial relations with the CIO drive to organize industrial unions. Franklin D. Roosevelt's New Deal strengthened the ability of unions to organize and win representation elections. In the 1940s and 1950s, many managements had not yet accepted unions, so the battles were waged on union drives and on management's efforts to resist and limit as much as possible the rising costs of labor contracts and to erect barriers to protect management's rights to determine how work should be done. To be sure, government efforts during World War II to foster cooperation did have some temporary effects, but they faded away after the war, much as had the World War I efforts. The parties then turned their attention to working out new collective bargaining contracts.

In the 1940s and 1950s, industrial strife came to be considered the most serious social and economic problem the United States was facing. In response to this public concern, New York State created the School of Industrial and Labor Relations at Cornell University. Many other states followed suit, setting up centers or institutes for industrial relations.

The United States emerged from World War II as the world's dominant industrial power. Our allies and enemies were deeply impressed by our "great arsenal of democracy," which had made the allied victory possible. In the 1950s, with little foreign competition, unions and management could agree to high wages and fringe benefits and other costs, and expect American consumers to pay. In industry, personnel officials devoted themselves to working out the fringe benefits management negotiated and administering the payment system. Except for those engaged in collective bargaining, personnel officials had very little influence on management policies and programs.

Stages of Development of Cooperative Union-Management Relations

For this half century, we see three stages of development, with one stage merging into the next.

Stage 1: From the 1940s into the 1960s, union-management cooperation was of interest to only a few academic students until the NPA focused attention through its case studies and conclusions. Supporters of organized labor tended to look upon those studying cooperative cases as simply serving management interests by reducing labor militancy. The authentic labor strategy, many felt, focused on confrontation and struggle with management.

Stage 2: began in the 1970s in response to the Quality of Work Life (QWL) movement.

Stage 3: arose in the 1980s out of general recognition that QWL was not solving industrial competitiveness and job maintenance problems. This led to some new and creative ways of organizing and structuring work relations.

Paradoxically, it was a public misperception of the causes of a highly publicized strike that fueled some of the movement from stage 1 to stage 2. The Lordstown, Ohio, twenty-two-day strike occurred in a Chevrolet plant in February 1970. This plant was newly built, supposedly designed for especially good working conditions as well as high levels of production. "The strike was widely attributed to the characteristics of Lordstown's labor force, drawn from younger people with higher levels of education and aspiration than the older generation. Infected by the social ferment of the times, these workers were not willing to accept conditions their elders had tolerated" (Whyte, 1991: 110).

On the contrary, Irving Bluestone, who was then UAW vice president for General Motors, argued that age and education had little if anything to do with the strike. He pointed out that, shortly after the creation of the GM Assembly Division, strikes over similar issues occurred in many other plants in this Division. At Lordstown the assembly line moved past workers at a pace of 101 cars per hour, giving each

worker only 36 seconds to perform his or her operation. According to Bluestone, “this was a strike against speed-up, management’s insistence on high speed production with insufficient manpower” (personal communication, 1992).

The public reaction to Lordstown focused on the misperception of causation and embraced the idea that the rising generation of young people were more critical than their elders. This focused attention on the need to improve the Quality of Work Life.

Shortly thereafter, *Work in America* (HEW, 1973) was published. Its surveys indicated substantial worker dissatisfaction with their work lives. The fact that the study was sponsored by Eliot Richardson, Secretary of Health, Education, and Welfare in the conservative administration of Richard Nixon, signaled to the public that QWL was no longer a fringe issue, of concern only to radicals and academics.

In 1975, Jerry Rosow, a former personnel executive for Exxon and assistant secretary of labor, established the Work in America Institute to promote research on and practice of union-management cooperation.

In the early 1970s, Irving Bluestone was the only prominent labor leader speaking out for active programs of union-management cooperation. In 1972, he worked with industrialist Sidney Harman of the Jervis Corporation (later Harman International Industries) to establish the first joint union-management QWL process in its Bolivar, Tennessee, plant. Bluestone states, “The experience gained at Bolivar was helpful as we proceeded to introduce the first QWL processes in a few of the GM plants” (personal communication).

In 1973, after several unsuccessful efforts, the UAW secured a management commitment to set up a high-level labor-management committee to stimulate and guide QWL activities in GM plants. Later a similar clause was negotiated with Ford, which called participatory

activities Employee Involvement (EI), a term we will use for a variety of worker participation programs.

The spread of interest in worker participation in the late 1970s and early 1980s was reflected in a September 21, 1981, *Business Week* report titled “Quality of Work Life: Catching On.” The writer noted that the first international conference on QWL in 1972 had attracted only fifty people, mainly academics, with no union officials and very few management people. The second international conference held in Toronto, ending September 3, attracted 1,500 delegates, including 200 unionists and 750 management people.

This management interest contrasted sharply with what we had seen in the 1950s. In that era most American managers thought that U.S. manufacturing know-how reigned supreme so there was no reason to look abroad for other models. Many labor leaders implicitly accepted that view, assuming that the challenge for labor was simply to push management to share more of the fruits of increasing productivity and profits with workers.

By the 1980s, American managers became concerned that we were losing ground in international industrial competition and that they did not have all the answers. Labor leaders now became more critical of the competence of management in anything beyond buying and selling companies and in shutting down plants.

This shift in orientation sparked a boom in consulting for those who claimed to be able to get the parties to work better together and also opened new channels for discussion with university researchers who had studied the industrial relations systems. It also stimulated international travel, particularly to Japan and Sweden (Cole, 1989).

On discovering the extraordinary spread of “quality control circles” in Japan, many American executives embraced this innovation, dropping “control” from the title to make the Japanese invention more acceptable at home. Companies hired consultants to guide them in setting up and operating “quality circles,” and some also sought to recruit and train those who were to be organizers and trainers for the firms.

Differences in the industrial relations systems in the two countries had major effects on the ways in which quality circles functioned and

also on their popularity. In Japan there is not such a sharp dividing line between labor and management as has prevailed in the United States. Early in their careers, many Japanese high executives had served as leaders of their unions. Unions are generally organized on a company rather than industry basis, which helps to orient workers to company interests. Japanese unions have never exercised the control over particular jobs and job responsibilities that has prevailed in unionized companies in the U.S. In the leading Japanese companies, a tacit agreement seemed to prevail: management retained the right to determine job contents and rates of pay and promotions, and in return workers and unions gained rights to lifetime employment—an agreement that has been breached only in the recession of the 1990s. (It should be noted, however, that the employment guarantee was limited primarily to male workers and did not cover so-called temporary employees.)

Furthermore, in Japan QCs were introduced only after managements had taken steps to decentralize control, so that workers had been trained in the skills needed to manage their own work—and supervisors had been trained to encourage worker participation. Along with this shift, supervisors worked with larger numbers of workers under their jurisdiction so that close supervision was no longer possible.

Whereas in Japan, QCs were controlled entirely by management, in the U.S., in union plants, the pattern was to establish joint union-management control. In fact, in cases where management appeared to be trying to establish management control over EIs, the programs were quickly discredited with workers.

In this early stage of development, consultants and the parties universally accepted a set of ground rules isolating EIs from collective bargaining and management's right to manage. The discussion groups were focused on shop floor problems. If anyone brought up a problem in the labor contract or raised a question about management prerogatives, he or she was told that this was out of bounds.

In the early stages of employee involvement, in most cases workers responded with enthusiasm. They welcomed management's apparent recognition that their brains could contribute to the firm. Discussion of shop floor problems brought to light many problems that could be

dealt with readily. When those easy cases had been handled, the parties encountered problems that could be resolved only by changes in the labor contract or in managerial prerogatives. When these discussions were cut off, interest in EI waned.

Recognition of the limited possibilities in EI under the 1970 ground rules, plus the continued weakening of America's international competitive position, propelled some companies and unions toward stage 3, involving an integration of EI with collective bargaining. We can trace this particularly in the relations of Xerox and the ACTWU, a case studied by Cornellians over a period of years.

Xerox had begun as the Haloid Company. In the 1930s, the company was organized by the Amalgamated Clothing Workers Union (ACWU), which later became the Amalgamated Clothing and Textile Workers Union (ACTWU). Haloid executives had maintained a hostile relationship to the union. The change came in this way, as described by William S. Asher, who played a major role in industrial relations in Xerox from the 1950s into the 1980s:

In the late 1930s, Joseph C. Wilson, grandson of the founder of Haloid, joined the company, and by the mid 1940s had become its president. Being of liberal bent, a basic New Dealer, and a very pragmatic manager, he was convinced his relationship with the union which represented the employees had to be positive in order for the business to prosper in the long run. He assumed the role of chief spokesman for the Company in collective bargaining with the union, and he adhered to a practice of reasonableness in addressing issues and demands of the union and the employees. (Asher, 1993)

Wilson also believed it was important to have industrial relations directed by people with professional training in that field. Beginning with Asher, the first three men hired in this field, who later became

vice presidents for industrial relations, were graduates of Cornell's School of Industrial and Labor Relations. ILR Professor Maurice Neufeld also served as an industrial relations advisor to both union and management.

For years Xerox and ACTWU had gotten along well, but their intense collaborative relationship did not develop until the company that created the copier was steadily losing market share to Japanese competitors. In the 1970s, top management became alarmed over this trend, which suggested an urgent need to learn the secrets of Japanese manufacturing efficiency. Here Xerox had the built-in advantage of a joint venture (Fuji Xerox), so they had ready access to Japanese information and ideas on quality control circles.

Top management adopted EI as a major point in the Xerox recovery strategy. Personnel people familiarized themselves with the academic research reports on worker participation abroad and at home. They tapped the experience of other companies and unions that had pushed EI earlier than Xerox. This sounding of experience indicated that about three-quarters of American quality circle programs were petering out after only a few years. This suggested the need to find a better model.

By the early 1980s, with the assistance of consultants, the parties had established a joint union-management EI program—but still within the ground rules that prevailed in the 1970s. In the second year of the program, the parties encountered a crisis that led them to break through these customary limits of worker participation.

Management had organized a program of competitive benchmarking, looking for companies that could sell the components Xerox needed for less than the cost of producing them in the Xerox plants. Finding a vendor who offered Xerox a \$3.2 million annual saving on

wire harnesses, management announced that six months later Xerox would close its wire harness department and lay off 180 workers.

This announcement sent shock waves through the plants. That initial layoff was bad enough, but, as management pushed competitive benchmarking throughout all production facilities, union leaders could visualize a future in which the production plants were limited to final assembly and refurbishing of old machines. The announcement also posed a threat to the EI program. How could the workers be encouraged to achieve higher productivity when management was planning future layoffs?

At this point, EI consultant/facilitator Peter Lazes assumed a leadership role in urging the parties to find some alternative to layoffs. After some weeks of discussion with union and management officials, there emerged a social invention that we call the cost study team (CST), whose purpose would be to determine if it would be possible for the company to achieve a \$3.2 million annual saving producing wire harnesses and thus keep the production in the plant.

The CST consisted of six wire harness workers, their supervisor, and an engineer. They would work full time for six months at their regular pay and would be provided with financial and engineering information as needed. If they failed to reach their \$3.2 million savings target, Xerox would then be free to shut down the department. Furthermore, in looking for savings, they were free to consider changes in the labor contract or in managerial policies and prerogatives. Of course, any changes proposed by the CST would have to be later negotiated with the union and management.

To the surprise of management people and even some union officials, toward the end of the six-month period, the CST submitted a report documenting potential savings of \$3.6 million, well beyond the \$3.2 million target. Management's study of the report scaled back the estimate somewhat, but top management agreed that the target had been reached, and the jobs had been saved.

In three other benchmarking cases, the CSTs either met their target or came close enough to persuade management to keep production in-house. Xerox estimates that the CST process had saved about nine

hundred jobs. This made it possible for management to agree with the union in the 1981 contract that no worker with at least three years' seniority would be laid off—a commitment renewed in the 1986 and 1989 contracts.

These successes had a dramatic impact on managerial views of the potential workers could offer the company in practical information and ideas. This shift in managerial orientation was evident in worker involvement in the planning of a new production plant and in the restructuring of the research and development activities. (For further information and discussion of the Xerox case, see Klingel and Martin, 1989; Whyte et al., 1989; Whyte, 1989.)

The Xerox CSTs destroyed the 1970s ground rules for EI. When the wire harness report came in, the parties were beginning the bargaining meetings for the 1983 contract. They thus were able to work the changes proposed by the CST into that contract. If the CST report had been presented during the first few months under a three-year contract, obviously the parties could not wait for years before dealing with its findings. When both parties agree, they can arrive at side agreements at any time.

The Xerox-ACTWU case seems to us to represent the development of a relationship of a really "creative character," the kind hoped for by the authors of the NPA 1953 report, but that is by no means an isolated case. It seems to us that the 1980s and early 1990s have been marked by pragmatic searches to solve mutual problems in ways that radically change the traditional roles of management and the union.

In many cases, we see workers and union leaders involved in decision making well beyond the day-to-day concerns of shop floor problems. Many cases could be cited to support this conclusion, but we shall settle for just two more: the Shell-Sarnia case and the Saturn case.

The first case involved the Shell Oil Company's plant in Sarnia, Ontario (Rankin and Mansell, 1986). Here the parties arrived at agreements that effectively merged collective bargaining with the day-to-day handling of shop floor problems and grievances. Whenever the parties felt that the issue under discussion indicated a need to go beyond the resolution of some immediate problem, they could shift

from a grievance discussion into renegotiating some elements of the labor contract. In principle, the relationship allowed for negotiations or renegotiations to go on at any time. This added to the burden of time spent in meetings, but it removed the crisis atmosphere that can often prevail in negotiations and also encouraged the parties to adjust their relations to constantly changing conditions.

The Saturn case involves a partnership between General Motors and the UAW to form a semi-autonomous subsidiary to design, produce, and market a new car that would explore possibilities of going beyond any preexisting case in union-management cooperation and employee involvement (Rubinstein et al., 1993).

From the beginning stages with the launching of the GM Small Car Study in 1992, designed to determine how GM could compete with the Japanese in this field, the UAW was fully involved in every step of the program: joint study, agreement on the principles of organization and management, negotiation of a new labor contract, and technical and organizational training of workers and management officials. The engineering center is in Troy, Michigan, and the fully integrated production plant is located in Spring Hill, Tennessee. It is important to note that GM did not choose this site to get away from the union. UAW members were the first to be hired. By the time the first car came off the line, for every management-level official, from the bottom to the top, there was a UAW officer serving as a counterpart. With the guidance and advice of various joint committees, these two individuals jointly managed their unit of the company.

By 1993, it was clear that Saturn had achieved an extraordinary record in producing a competitively priced, high-quality car and had built a rapidly expanding base of customers waiting to buy Saturns faster than the two-shift operation could produce them. At this writing, Saturn has not yet made a profit, but it is hoped that, with the ad-

dition of a third shift, the company will become profitable. While it is too early to say that GM's gamble has paid off financially for the company, it has demonstrated the possibilities of a real partnership between management and labor to excite the interest of both students and practitioners of labor relations.

Employee Ownership and Union-Management Relations

In the early 1970s, when employee buyouts of plants being abandoned by their owners suddenly emerged as a means of saving jobs, these dramatic cases were the focus of increasing media attention. When the manager of the South Bend Lathe plant led a campaign for an employee buyout, he hired Norman Kurland, lawyer and management consultant, to handle the legal and financial arrangements. The workers were organized by the United Steelworkers, and Kurland invited top officials of the USWA to participate in the planning to establish an Employee Stock Ownership Plan (ESOP). Those officials would have nothing to do with ESOPs. The South Bend Lathe ESOP was structured so as to give full control to top management of the employee-owned company (Kurland, personal communication).

At the time, this was a typical reaction of top union leaders. The ESOP was something completely unfamiliar to them. A common union objection to the ESOPs was phrased in terms of the question, "How can you bargain with yourself?" Furthermore, Senator Russell Long was the driving force pushing the employee ownership legislation in the 1970s, and he was not known as a friend of labor, so it was hard for union leaders to imagine anything good for labor to come out of the ESOP. Labor leaders first assumed that the ESOP was just another device to promote the interests of a few top management people.

The reaction at the grassroots level was quite different. When workers were facing a plant shutdown, local union officials were willing to

embrace employee ownership. Without any understanding of the employee ownership legislation or any independent expert guidance, they tended to follow the leadership of the proposed management of the new firm or of the attorneys they hired.

This pattern changed in 1980 when the leaders of the Food and Commercial Workers Union organized the first ESOP in a major meat-packing company, Rath Packing Company at Waterloo, Iowa. In a proposed ESOP designed to give employees 60 percent of the stock, in exchange for major pay and benefit concessions, the union leaders were determined to establish worker control of the company. When ILR professors Tove Hammer and Robert Stern visited Waterloo to secure union cooperation on their study of worker members of boards of directors, they were met at the plane by Charles Mueller, chief steward. He told them that the union's negotiating committee was about to accept the recommendations of their union lawyer and the management lawyer to structure the ESOP along conventional lines, with stock allocated according to pay and salary rates and without a trust enabling worker stock to be voted in a block. He was the only holdout in this ten-member committee. Having previously received some Cornell reports on ESOP cases, he asked the professors to meet with the negotiating committee to talk them out of the proposed plan. They replied that it would not be appropriate for them to get involved in internal union affairs, but they would be willing to meet with the committee and discuss what they had learned about what happened when the ESOP was structured along conventional lines.

After that meeting, the negotiating committee reversed itself and voted 10-0 to insist on some sort of democratic control. To work out such a plan, they hired Jack Curtis, who had formerly been Russell Long's assistant on the Senate Finance Committee. He crafted what has become known as the democratic ESOP. All stock was allocated on an equal basis, without regard to pay and job classification. The employee-owned stock was placed in a trust so that it could be voted in a block. The initial trustees were chosen by the union. (On the Rath case, see Whyte et al., 1983.)

After struggling to stay alive for five years, Rath closed in 1985, but the social invention of the democratic ESOP had important effects on the thinking of union leaders as well as students of industrial relations. Observing that the earlier ESOPs had been set up to be narrowly controlled by management, union leaders now recognized that, whatever had been the intentions of the drafters of the legislation, the ESOP laws were so broadly drawn that a wide variety of arrangements was possible. An ideological stand for or against ESOPs made no sense. The task for national and regional officials was to study under what conditions the union should support employee ownership and to learn how to help local officials and members to establish the legal and financial conditions for a democratic ESOP.

Until the early 1980s, the employee ownership movement was divided between two camps: supporters of worker cooperatives and supporters of ESOPs. Those committed to worker cooperatives had seen ESOPs as simply another way of serving the interests of managers and outside stockholders. Now the Industrial Cooperative Association decided that they could work to establish democratic ESOPs. A similar convergence of views occurred on the ESOP side. Some of the earliest supporters of ESOPs had assumed that giving workers shares in ownership would automatically lead to higher productivity and greater dedication to the company. Now they were learning that employee sharing in ownership by itself produced no such payoffs. Under such conditions, employees seemed to see the ESOP as just another fringe benefit and one of doubtful value. It was only when employee ownership was combined with an active program of worker participation in management that the payoffs in morale and productivity were achieved. Now supporters of ESOPs were increasingly turning their attention to worker cooperatives and worker participation programs in private industry, to see what they could learn from these cases.

In the 1970s, some of us saw employee buyouts as a major means of saving jobs and fostering economic development. By now less optimistic visions prevail. We recognize that saving jobs through an employee buyout is an uphill struggle and that probably more such

efforts fail within a few years than succeed. On the other hand, there have been a few spectacular successes. Perhaps the most impressive case is that of Weirton Steel and its Independent Steel Workers' Union. There the facilities were relatively modern, the buyout was engineered by a major investment banking firm, and there has been great emphasis upon worker and union participation—guided in this case by the leading union advocate of participation, Irving Bluestone, who was on the board of directors in the formative years of the new company.

Union-Management Cooperation in the 1990s

Union-management cooperation has been the subject of considerable debate within the union movement. Opponents charge that cooperation involves acceptance of a policy in which management delegates increasing responsibilities to workers, creating an environment of “management by stress” (see Parker and Slaughter, 1988). This argument has been pushed particularly in the automotive companies, but so far this has been a minority view.

The top union leadership attitudes have changed substantially in recent years, but there has been no general shift in management attitudes and policies. We can now see three types of management reactions. At one extreme, there are companies like Xerox, Ford, General Motors, and Chrysler that continue to be dedicated to cooperation with the unions, while at the other extreme are those companies that have never been organized by unions or that have managed to break their unions so as to maintain what they call “a union-free environment.” Encouraged by the declining percentage of organized workers and what they see as an anti-union government policy in the 1980s, these managers have seen opportunities to capitalize on management's power advantage.

Between the two extremes are many companies that have some plants organized by a union and others that are non-union. In some of these cases, two or more unions have organized different plants of the same company, which weakens the power of any one union to exercise pressure on management. In these companies, management will vigorously resist unionization of its non-union plants but may be willing to allow plant managers to experiment by developing cooperative programs in the organized plants.

Both sides recognize that unions generally have lost power in recent years. Since unions can no longer force their wills on management in most cases, what can they substitute for this lost power? Increasingly union leaders see cooperative programs as something of value they can offer management. They argue that where management pursues an aggressive anti-union policy, victories may cost the company more than it gains through losing the willing cooperation of workers and unions.

Recent studies comparing the productivity of unionized plants against non-union plants in the same industry suggest that unionized companies achieve better productivity (Mischel and Voss, 1992; Kelley and Harrison, 1992; Freeman and Medoff, 1984). To the extent that unions can demonstrate that companies derive concrete benefits from a cooperative relationship with the union, this recognition provides unions a further development of social and psychological power, beyond what they enjoyed in more primitive stages of cooperation.

As unions and managements work together on cooperative programs, this cooperation not only reduces the emotional heat in their collective bargaining; it encourages them to experiment with new ways of resolving problems.

Union leaders are now recognizing this enhanced power of persuasion. In the *AFL-CIO News* (March 1, 1993), leaders of three major unions, Lynn Williams of the Steel Workers, Morton Bahr of the Communications Workers, and Jack Sheinkman of the Amalgamated Clothing and Textile Workers, made strong statements supporting a union-management partnership to increase U.S. industrial competitiveness. Leaders of the Auto Workers and other unions have taken similar positions. If these union statements are matched by similar management statements, we may yet see the spread of the creative relationships hoped for by the authors of the NPA study in the 1950s. ■

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