SCHOOL OF INDUSTRIAL & LABOR RELATIONS

ICBbriefing

INSTITUTE OF COLLECTIVE BARGAINING

Volume II Issue 2

Ives Hall • Cornell University • Ithaca, New York 14853-3901

Data Alert

Labor and management bargainers, decision makers, and strategic planners who have long relied on the data published by the Bureau of Labor Statistics in its monthly *Compensation & Working Conditions* will soon be left without this invaluable resource. The journal in its current form went out of business this winter, the victim of governmental budget cuts and declining rates of unionization. It will resurface as a quarterly, beginning in June, with a new focus on human resource issues, such as compensation, health and safety, and work practices. The Bureau will no longer collect or publish data on negotiated wage and benefit changes, monthly and annual bargaining calendars, contract expirations, or developments in industrial relations.

News releases, historical data, and technical information compiled by the Bureau of Labor Statistics are now available by fax. FAXSTAT is a new BLS service that is accessible 24 hours a day, seven days a week. For a FAXSTAT catalogue listing the available documents and their identification codes, call (202) 606-6325 using a touch-tone phone, and enter code 1000.

ICB Event

The next **ICB** meeting is scheduled for Friday, December 6, in Washington, D.C. at the Embassy Row Hotel. The day's program will feature a panel discussion on the employment and labor legislative agenda in the next administration and case presentations on collective bargaining issues associated with insourcing and outsourcing decisions. The meeting will run from 9:00 a.m. to 3:00 p.m. Please call Jackie Dodge at (607) 255-6693 to reserve a seat.

NYNEX's People Strategy

Rapid advances in technology, associated with surges in demand, are reshaping the telecommunications industry. Companies are breaking up and merging, re-engineering their capital bases, downsizing and hiring (to fill skill gaps), and redefining job categories and work processes.

NYNEX Corp. is a case in point. With annual revenues of $13 billion and assets of $30 billion, 12 million customers, and 70,500 employees, NYNEX recently announced plans to merge with Bell Atlantic Corp. In recent years the company has invested $700 million on consolidations and new work systems and in 1994 announced it would cut 20% of its workforce (16,800 people) by 1997.

With the 21st century rapidly approaching, NYNEX is looking to differentiate itself from the competition. It has no lock on technology, so the only dimension along which NYNEX can be distinct is its people, said James Dowdall, vice president of labor relations for NYNEX. Speaking at a meeting sponsored by the **Institute of Collective Bargaining** (**ICB**) and ILR's Center for Advanced Human Resource Studies (CAHRS) that was held in May, Dowdall laid out the assumptions behind NYNEX's people strategy: customer satisfaction is the measure of success, employees are a valued resource, and a mature relationship with the union is necessary to achieve company goals.

NYNEX is working hard to become quality-driven and cost efficient. One key requirement is a workforce that is flexible, competent, and motivated — highly skilled employees who can complete an entire piece of work and stay focused on the customer. And that, Dowdall noted, requires heavy investment in training and assurance that no one will lose their job.

Despite the history of adversarial relations between NYNEX and the Communications Workers of America (CWA), the two sides went into early negotiations in 1994. (CWA represents 32,500 NYNEX employees; the International Brotherhood of Electrical Workers represents another 15,200.) The resulting 52-month contract addresses both sides' training and develop-

Continued on page 4

In this issue

The Impact of Corporate Ownership: A Reader Write-in

The signs are everywhere: proxy challenges, pressure to improve the bottom line, anti-takeover defenses, corporate restructuring, and employee layoffs. All the result, says Michael Useem, a professor of management and sociology at the University of Pennsylvania, of the growing concentration of ownership of American corporations in the hands of institutional investors.

Speaking at a joint meeting in May of the **Institute of Collective Bargaining** and ILR's Center for Advanced Human Resource Studies, Prof. Useem noted that the environment in which corporate managers function has changed dramatically over the last couple of decades. Benign and diffuse "widows and orphans" are no longer the primary holders of corporate equity. In their stead are nonprofit corporations, public and private pension funds, insurance companies, commerical bank trusts, and investment companies who hold sizeable blocks of stock and exert commensurate amounts of pressure on corporate managers.

These institutional investors pursue an agenda designed to enhance the value of their shares. They push companies to improve short and long-term performance, to retain effective strategies and jettison failing ones, to redesign operations. They wage proxy fights, demand meetings with top managers, and seek allies on boards of directors.

Executives and managers have little choice but to respond. This they do by expanding the size of employees' shareholdings (in order to minimize the leverage of outsiders), adopting anti-takeover ploys, replacing top managers, spinning off business units, cutting expenses, and downsizing the workforce.

Corporate governance is also undergoing a seachange. The board of directors is assuming a more central and forceful role, with attendant changes in board organization, composition, and policies. According to Prof. Useem, directors are becoming more attuned to the interests of the large and powerful shareholders and less concerned with the welfare of employees and other traditional stakeholders.

Which raises a critical question, one that was posed at the meeting but not answered: *How does the increasing concentration of ownership in the hands of institutional investors affect human resource management and collective bargaining in American corporations*? If you have an opinion on this issue and/or have seen the impact in your company, please send us your comments, observations, and examples. Based on the responses, we will put together an article for the next issue of **ICB *briefing***. Requests for anonymity will be honored. (Write to Maralyn Edid, NYSSILR, Cornell Univ., Ithaca, NY 14853-3901 or E-mail to ME16@cornell.edu)

One final note: Prof. Useem's new book on this subject, *Investor Capitalism: How Money Managers are Changing the Face of Corporate America*, was just published by Basic Books.◆

Aside...

Like much of corporate America, boards of directors are undergoing a transformation. Boards are becoming more independent and more accountable. Fewer directors are insiders and their governing rules have more bite. Boards are showing more interest in senior management development, in succession plans, and in executive compensation. Directors are also putting in more time and taking more of their payment in the form of stock. And taking a cue from the managers and employees they oversee, a growing number of boards are engaging in self-evaluation.

Library Alert

Several government documents are now available on the Internet through ILR's M.P. Catherwood Library. The Catherwood electronic archives contain reports on child labor, labor-management cooperation in state and local government , labor law reform (Dunlop Commission), and barriers that keep women and minorities out of the executive suite (Glass Ceiling Commission). The archives also house *AFL-CIO Reviews the Issues*, a newsletter of labor's perspective on current topics.

The World-Wide Web address is http://www.ilr.cornell.edu/library/e_archive/

FTP site address is ftp.ilr.cornell.edu

GOPHER address is gopher.ilr.cornell.edu

Catherwood library also maintains an E-mail directory of labor organizations in Latin America and the Caribbean. It can be accessed at address http://www.ilr.cornell.edu/lib/bookshelf/dirs/LAmerican_Unions/

Corporate Agility and Managing Human Resources

Almost daily it seems, managers and employees are asked to contend with something new — customers, competitors, technology, products, processes. Constant change is unsettling and often leads to wrenching corporate restructuring. But when companies develop what two ILR researchers call the "agile edge," they survive the unpredictability without suffering too much pain.

Flexible structures and core competencies that facilitate adaptability are key. Successful organizations are characterized by ongoing learning, information sharing, cross-functional assignments, protean networks, ever-changing teams, risk-taking, and shared vision and values. What this means for employees and human resource strategies is not yet clear. But Lee Dyer, a professor at ILR, and Richard Shafer, a researcher at ILR's Center for Advanced Human Resource Studies and a partner at Deloitte & Touche, told attendees at the **ICB**-CAHRS meeting in May that core concepts are beginning to emerge.

The work system and its design seem to be central, Dyer said, but must be part of a total system. Employees in agile organizations tend to be involved and capable of taking on whatever tasks need doing. Work teams are reconfigured as problems and opportunities arise, and process improvements are built-in team responsibilities. Appropriate staffing is vital, with selection based on an as yet undefined set of values and "agile" attributes. A core of permanent workers ensures stability and commitment, while contingent workers buffer cyclical ebbs and flows.

Agile human resource management incorporates other strategies as well. Hefty doses of training and development serve several purposes: they diffuse the corporate mission and values, prepare employees to handle change, and enable workers to keep themselves employable. And putting a large share of compensation at risk strengthens incentives and forges direct connections between pay and work. Unfiltered and frequent communication of metrics and plans keeps employees up to date and reinforces team formation.

In this new environment, Dyer said, employees expect challenging work and an opportunity for self-development, autonomy, and immediate feedback. The concept sounds compelling, up to a point. As one participant noted, agile corporations are also asking employees to take on alot of risk, accept instability, and work under pressure. Could this be an opportune moment for aggressive union organizing? ◆

Choices for the Next Millenium...

When a visionary looks at the past and projects into the future, what he sees and says is sometimes unsettling. So when consultant Joseph F. Coates took to the podium at the May **ICB**-CAHRS meeting, he delivered a discomforting message to the assembled corporate executives and union leaders. Coates lashed out against what he termed the "imbalance" between labor and management. "Without exception," he said, "American companies had misbehaved with regard to the workforce over the last 15 years. All the explanations don't undo the misbehavior."

Coates, president of Coates & Jarratt, Inc. of Washington, D.C., attributed this development to two factors: a loss of patriotism and excessive obeisance to Wall Street. In the rush to be "global," Coates said, American companies are ignoring the locus of their charters and forgetting their obligations to local communities and to employees. Coates chided executives who "bow and scrape" to the stock market, and said the pressure to perform has sapped them of their sense of history, their humaneness, and their autonomy.

The upshot of this development has been downsizing, including anticipatory and reactive layoffs. Further complicating the outlook is the surplus of labor that Coates predicted would hit within ten years. Thus, if the rush to dismiss workers remains unchecked, Coates warned, this country could be saddled with a 33% unemployment rate by the year 2005.

But then he proposed a strategic alternative. "Become the employer of choice," he said, "become the exception." Coates laid out a solution that would warm the heart of Henry Ford: put money in people's pockets so they can buy what America produces. Jobs, he said, can be created by shortening the work day, the work week, the work year. Give people sabbaticals, pay for housework, create work projects based on models used during the Depression. Failing that, Coates thundered, we are slated for disaster... ◆

The Dilemma Facing Union and Management

The central dilemma in labor-management relations today is not wages and benefits, said Ronald Seeber, associate dean of ILR , but strategic and institutional. Speaking at the joint **ICB**-CAHRS meeting in May, Seeber identified three divisive issues:

1) *Jobs*. Some unions are determined to protect as many jobs as they can, both for current and future members, at a time when employers are eager to trim the payroll.

2) *Participation.* Employee participation on the shop floor is spreading, although it remains limited at strategic levels of decision making. Unions are concerned about the tradeoff: what do they get and what do they lose in exchange for the partnership? Labor and management are still adjusting to their new-found ability to fight on some issues and cooperate on others.

3) *Organizing.* Unions are targeting low-wage workers in traditionally unorganized sectors of the economy as well as unorganized workers in industries where nonunion competitors are grabbing market share. A surge in organizing activity could alter existing labor-management relationships.◆

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Research Alert...

The Secretariat of the Commission for Labor Cooperation has asked the ILR School to study the effect of plant closings on American workers' right to organize. Kate Bronfenbrenner, director of labor education research for ILR Extension, is leading the project. Labor organizations, including the AFL-CIO, CWA, IBT, UFCW, SEIU, and UNITE are providing additional support.

The commission and its Dallas-based secretariat were created in 1994 by the North American Agreement on Labor Cooperation, a side accord to the North American Free Trade Act. The commission is a trinational partnership among the United States, Canada, and Mexico that is charged with overseeing implementation of the accord and with providing information and sponsoring research on labor-related issues.◆

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A New Vision for the FMCS

Two divergent trends in the practice of collective bargaining in the United States have forced the Federal Mediation and Conciliation Service (FMCS) to take a fresh look at its mandate. Created by the Taft-Hartley legislation of 1947, the FMCS was designed to prevent strikes and minimize disruptions to interstate commerce.

Since that time, a variety of economic forces have altered the way labor and management interact. At one extreme, according to the FMCS, bargaining is becoming more difficult, complicated, contentious, and hard edged. At the other, labor and management are experimenting with ways of working together in collaborative partnerships. As a result, the FMCS has adopted a broader vision of the bargaining process, labor-management relations, and its own role in the interplay between the two parties.

Its primary job today, director John Calhoun Wells told a group of ILR students and faculty during an April visit to the school, is to nurture and strengthen the relationship between labor and management and help make that alliance a tool for competitive advantage. To that end, the FMCS now offers five different services: dispute mediation, preventive mediation, arbitration panels, small grants/labor-management cooperation programs, and alternative dispute resolution. For more information, call the FMCS office in your region. ◆

Labor Party Forms

Calling for economic justice for working people, 1,200 union activists met recently in Cleveland to launch a new political party. The Labor Party, as it will be known, will also reach out to nonunion workers and the jobless. It has no current plans to field candidates but expects to serve as a collective voice on issues such as universal health care, a constitutional amendment that would guarantee every American a job at a living wage, and the abolition of "corporate welfare." ◆

Room for the Family?

After years of developing strategies that minimized the effect of family on the workplace, some companies are beginning to look at the impact of work on the family.

The new thinking is leading to pilot programs that meet employees' needs while ensuring that business needs are also satisfied. Some examples: on-site child care, on-site back-up care for children or elderly relatives, sick-care arrangements for children or elderly relatives, vacation day camps, personal leaves, flexible work schedules, on-site services (banking, dry cleaning, take-out food, etc.).

These are not "feel-good" entitlements, said Kathleen Christensen, program officer at the Alfred P. Sloan Foundation, at the May **ICB-CAHRS** meeting, but tools that produce higher quality work and more productive workers. ◆

High Performance Publications

High performance work systems, labor-management partnerships, strategic human resource management, change agents, and organizational downsizing are compelling and controversial issues within union and corporate circles. Several recent publications produced by two institutes, each with keen interest in work-related topics, tackle these and related matters through insightful analyses, case studies, and models of process change and human resource strategies.

Making Change Happen: Six Cases of Unions and Companies Transforming Their Workplaces, is available for $14.95 from Work and Technology Institute, 1775 K Street, NW, Suite 630, Washington, D.C., 20006; (202) 833-1303. This volume explores changes in the working relationship between labor and management, in the way work is organized, and in measurable variables at Ford, Lockheed Martin, John Deere, HR Textron, LTV Steel and Rockwell International.

A series by Work in America Institute (WAI), entitled ***Strategic Partners for High Performance***, focuses on key elements in the alliance among labor, operations, and human resources. *Part I: The Partnership Paradigm for Competitive Advantage* describes how human resource management affects competitive position. *Part II: People, Partnership, and Profits: The New Labor-Management Agenda* examines the evolving relationship between these traditional adversaries and stresses the need to balance the contradictory goals of productivity and employment security. *Part III: How Change Agents Transform the Enterprise* analyzes how organizations manage change. *Part IV: Lean, Not Mean: Restoring Organizational Trust in a Climate of Downsizing* looks at approaches adopted by labor and management to avoid, minimize, or mitigate the effects of downsizing. Each volume costs $95 (with a 10% discount for any three or more). Contact WAI, 700 White Plains Road, Scarsdale, NY 10583-5058; 1-800-787-0707 or (fax) 914-472-9606.

Sources

Illes, Louise Moser. ***Sizing Down: Chronicle of a Plant Closing***. (Ithaca, NY: ILR Press, 1996) 240 pages. Cloth $29.95. One of the first books about the process of shutting down a plant, it was also written by a victim of the downsizing who happened to be the human resources manager charged with implementing the layoff plan. The author evaluates the strategies that helped sustain morale and provides an appendix with questions asked by managers and workers.

Sonnenstuhl, William J. ***Working Sober: The Transformation of an Occupational Drinking Culture***. (Ithaca, NY: ILR Press, 1996) 160 pages. Cloth $35, paper $14.95. The experience of workers who build tunnels in New York City forms the basis for the author's discussion of the relationship between occupational cultures and alcohol addiction. He explores how these particular workers have recently transformed their culture and, with the union's help, now support each other in sobriety.

Wever, Kristen S. and Lowell Turner. ***The Comparative Political Economy of Industrial Relations***. (Ithaca, NY: ILR Press, IRRA Research Volume, 1996) 275 pages. Paper $22.50. The seven articles collected for this volume address topics such as labor movements and industrial restructuring, international trends in work organization, links between economic development and workplace practice, and co-governance.

Zaniello, Tom. ***Working Stiffs, Union Maids, Reds, and Riffraff: An Organized Guide to Films about Labor***. (Ithaca, NY: ILR Press, 1996) 288 pages. Cloth $39.95, paper $18.95. This is an illustrated and annotated guide to 150 films about labor unions, labor history, political movements associated with organized labor, the struggle between labor and capital, and working class life. The book also contains a thematic index and features more than 40 photographs.

NYNEX...continued from page 1

ment needs and guarantees that CWA-represented employees will not be forced into lower-paying positions, long-distance transfers, or onto the steets (except as a last resort due to events beyond the company's control, such as loss of a major customer). NYNEX also gained some flexibility in making work assignments and consolidating classifications.

The agreement gives NYNEX the right to declare a labor surplus exists in a given job classification. Employees identified as surplus due to company-initiated process changes (e.g., work consolidations, network upgrades, site closings, or a merger) begin moving through a 10-step procedure designed to induce voluntary departures and reallocate people resources. Affected employees are first given the opportunity to fill existing vacancies, then to take early retirement or voluntary severance, to job share, to transfer, and so on. Enough employees have accepted the generous pension offers that the full scope of the job security pledge remains untested. Ironically, NYNEX recently hired 500 service representatives and 500 technicians to balance skill needs.

Training and education is the key to both job security and NYNEX's future. The central focus of labor and management's joint efforts in this area is Next Step, a program that enables employees to attend school for one day a week, nine months of the year, without any loss of pay. In collaboration with the State University of New York and Springfield College in Massachusetts, NYNEX and the CWA have set up a technical associates' degree that requires 64 credits earned over four years. At present, 1000 employees are enrolled; participation is based on seniority and an entrance exam. Upon acceptance, employees leap-frog to the top job classification and receive a wage premium. The courses are also open to non-NYNEX employees, and the company views these students as a pool of potential hires.

During negotiations, NYNEX also pledged to give CWA access to workers in new business units. The two parties agreed that wages would reflect market rates and where disagreements could not be bridged, they would rely on final-¡offer arbitration. This understanding is contingent on CWA's promise not to undermine NYNEX on regulatory and legislative matters.

NYNEX and CWA have tried using a win-win approach to negotiations, but adversarialism still prevails. Dowdall said the parties have made inroads on small issues and he expressed optimism that they are moving in the right direction.◆

The BellSouth Alternative

The uncertainty wafting through the telecommunications industry is giving rise to differing human resource strategies. Rose Batt, a professor at ILR and a speaker at the ICB-CAHRS meeting in May, said NYNEX seems to prefer employees who are universal technicians while BellSouth seems more inclined towards teams that allow workers to retain individual specializations. Batt also noted that labor-management cooperation is more prevalent at BellSouth than at NYNEX.

At the same time, Batt continued, labor and management throughout the industry are contending with four key questions:

- what strategies exist for high-quality, low-cost service?
- are there viable alternatives to low wages?
- can companies and unions develop joint strategies that fend off the competition?
- are these strategies sustainable?