

Union-Management Alignment

SPL 5.3

Joel Cutcher-Gershenfeld

*Senior Research Scientist, MIT Sloan School of Management and
Executive Director, MIT Engineering Systems Learning Center*

Presentation for:

ESD.60 – Lean/Six Sigma Systems
MIT Leaders for Manufacturing Program (LFM)
Summer 2004

Overview

- Learning Objectives
 - Appreciation of the mixed-motive nature of union-management relations
 - Understanding of the potential and limits on innovation in unionized settings
- Session Design (20-30 min.)
 - **Part I:** *Introduction and Learning Objectives (1-2 min.)*
 - **Part II:** *Key Concept or Principle Defined and Explained (3-5 min.)*
 - **Part III:** *Exercise or Activity Based on Field Data that Illustrates the Concept or Principle (7-10 min.)*
 - **Part IV:** *Common “Disconnects,” Relevant Measures of Success, and Potential Action Assignment(s) to Apply Lessons Learned (7-10 min.)*
 - **Part V:** *Evaluation and Concluding Comments (2-3 min.)*

Labor-Management Relations and Lean/Six Sigma Systems

The unions hitherto have been chiefly combative organizations designed to protect and enhance the workmen's share in distribution.

This is still a necessary function, and one that must be performed by the strong organization of unions. . .

The cooperative features of the relationship between employer and employee, however, need to be developed equally, in order that the size of the pie may be increased as much as possible.

Paul Douglas (*Journal of Political Economy*, 1921)

“Mutual Growth Forums promote cooperation between the union and the company through better communication, systematic fact finding, and addressing as early as possible issues affecting the interests of employees, the union and management”

Source: “Sharing Our Pride” UAW-Ford National Programs Center, Winter 2000



Focus on Labor-Management Relations

➤ Key Assumptions

- Multiple stakeholders
- Common and competing interests
 - Need for mechanisms to identify and pursue common interests
 - Need for mechanisms to surface and address conflicting interests
- Interests/Contextual Conditions evolve
 - Need for periodic recalibration

A Core Assumption: Joint Interests and Independent Interests

**Management –
Predominantly
Independent
Interests:**
Internal
Corporate
Operations,
Corporate
Profits,
Management
Rights...

**Predominantly
Joint Interests:**
Safety, Quality,
Employee
Involvement,
Training,
Maintenance,
New Technology,
Work/Life Balance,
Business Success,
Sustainability...

**Labor –
Predominantly
Independent
Interests:**
Internal Union
Operations,
“Check and
Balance” on
Management,
Expanding
Membership,
Political Action...

**Primarily
Independent Action**

**High Potential for
Joint Action**

**Primarily
Independent Action**

Note: The areas labeled as “Independent Interests” are primarily separate domains where labor and management resist input by the other – but there are some legitimate joint aspects in even these domains. Similarly, even in the area labeled as “Joint Interests” there are aspects of these issues that involve what the parties see as separate or independent interests. One key consideration has to do with the concentration of effort and attention – is it in the domain of joint action or the domain of independent action.

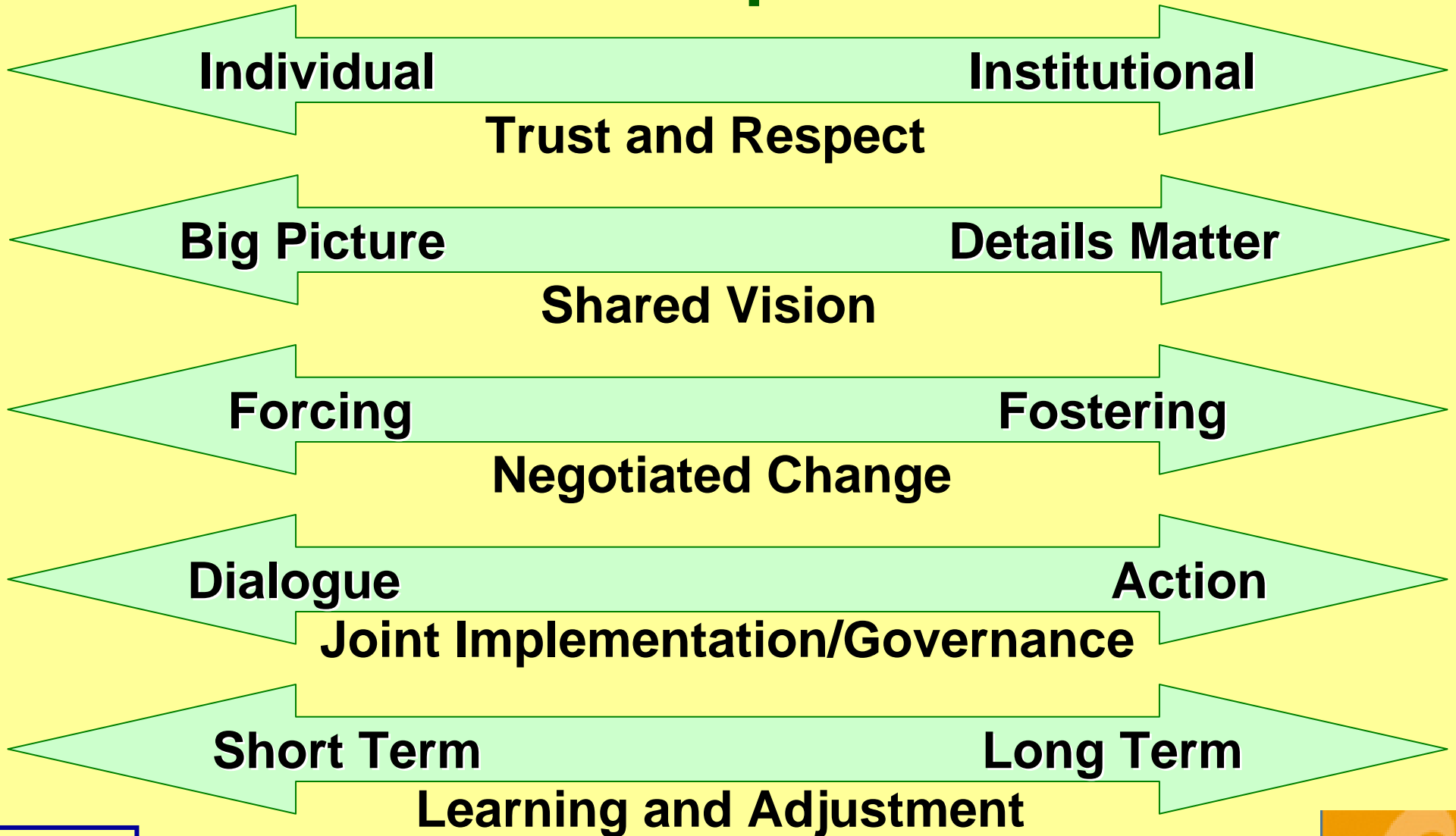
A Framework for Labor-Management Transformation



Selected Principles of Partnership

- **Trust and Respect**
- **Shared Vision**
- **Negotiated Change**
- **Joint Implementation and Governance**
- **Learning and Adjustment**

Selected Tensions Underlying the Principles



Observations on Labor-Management Partnerships

- Basic Model of Change
 - Factors that unfreeze or motivate change
 - Implementing the change process
 - Diffusing and institutionalizing change
- Changes must be consistent across three levels of activity—workplace, negotiations, strategic
- Process will encounter periodic pivotal events
- Substantive results must address bottom line interests & objectives of workforce and the employer
- It takes three agreements to have one agreement
 - Agreement within the union
 - Agreement within management
 - Agreement between union and management
- The essence of a union and management organization
 - Management is a formal hierarchy with politics in the background
 - A union is a political organization with hierarchy in the background

Incredibly difficult challenge of following path 3



Path 3: Work closely with management to advance the interests of our members, but retain our independence as a local union

Sample Local union structure and operation

- Local Officers
 - President
 - Vice-President
 - Financial Secretary
 - Recording Secretary
 - Sergeant at Arms
 - Executive Board
 - Trustees
- Bargaining Committee
 - Chair
 - Members
 - Skilled Trades
- Committeepersons
 - District Committeepersons
 - Committeepersons on Days
 - Committeepersons on Afternoon/Midnights
 - Alternate Committeepersons
 - Skilled Trades Committeepersons
 - Alternate Skilled Trades Committeepersons

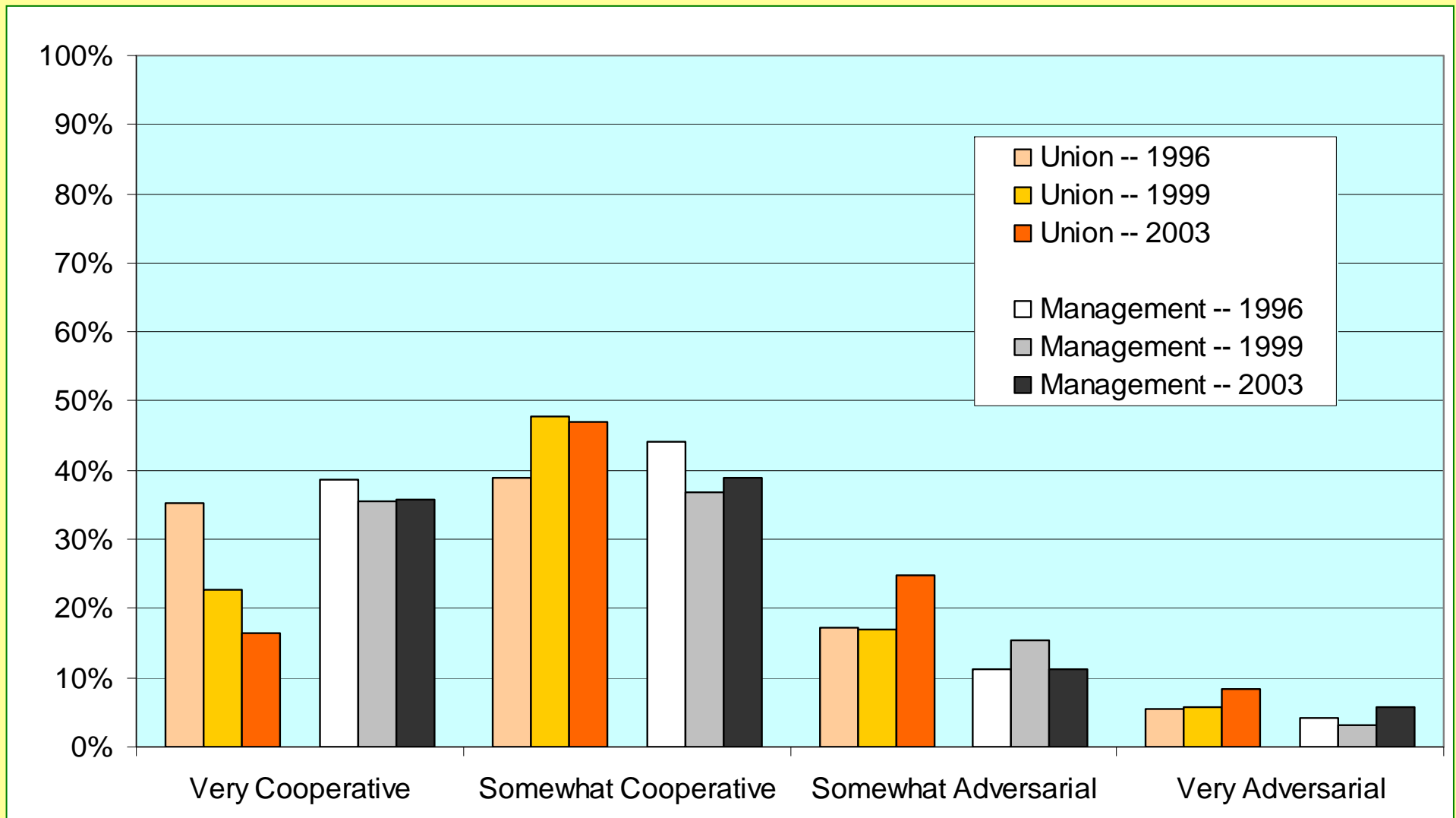
Sample Local union appointee structure

- National Appointees
 - Employee Resource Coordinators
 - Benefits Representatives
 - EAP
 - Health and Safety
 - Job Security
 - Quality
- Sample Local Appointees
 - Ergonomics
 - Joint Apprenticeships
 - Quality
 - TPM
 - Visual Management, and other “non-traditional” positions

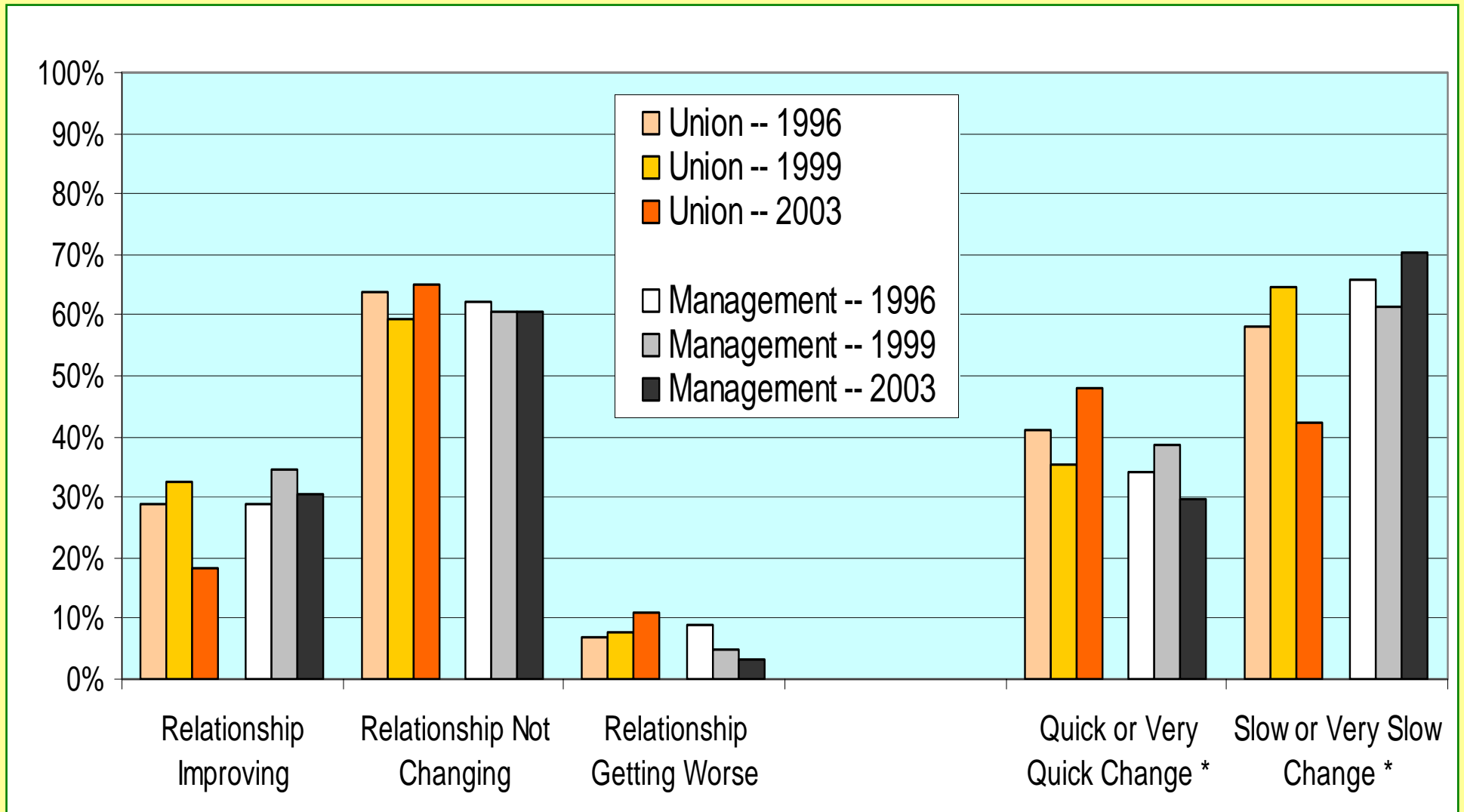
Plant Joint Governance Structure



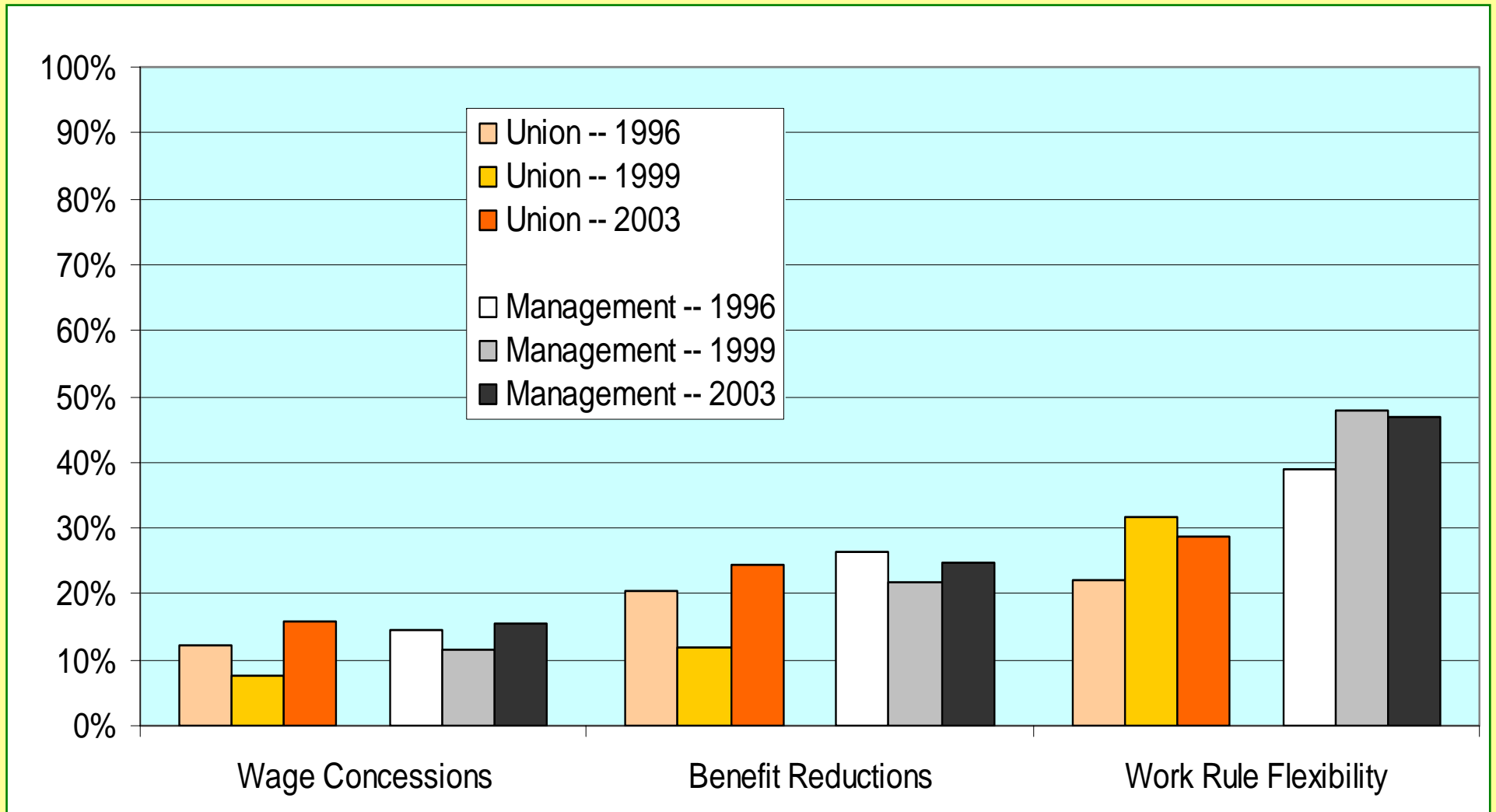
US Labor-Management Relations



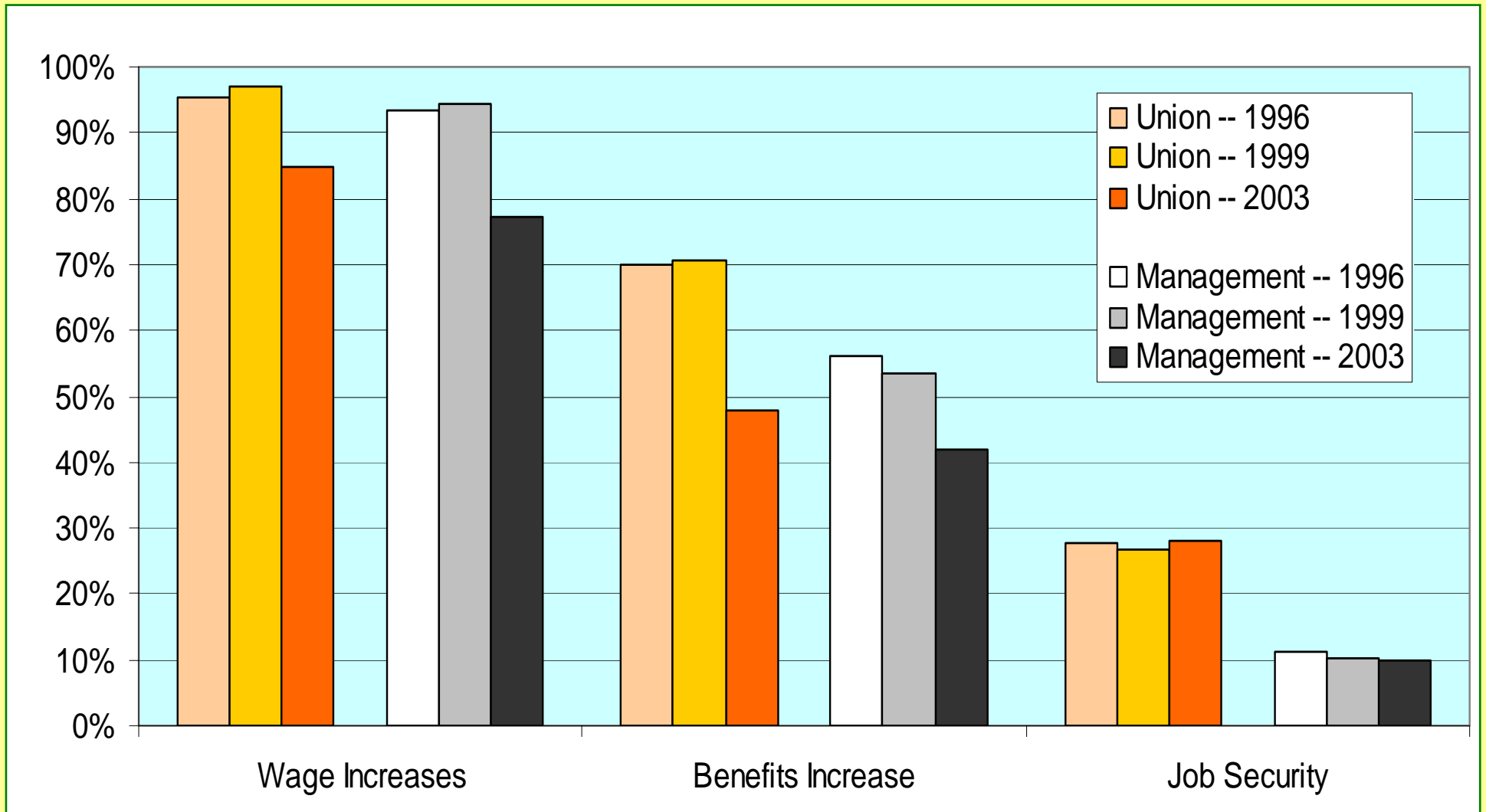
Direction and Rate of Change in Relations



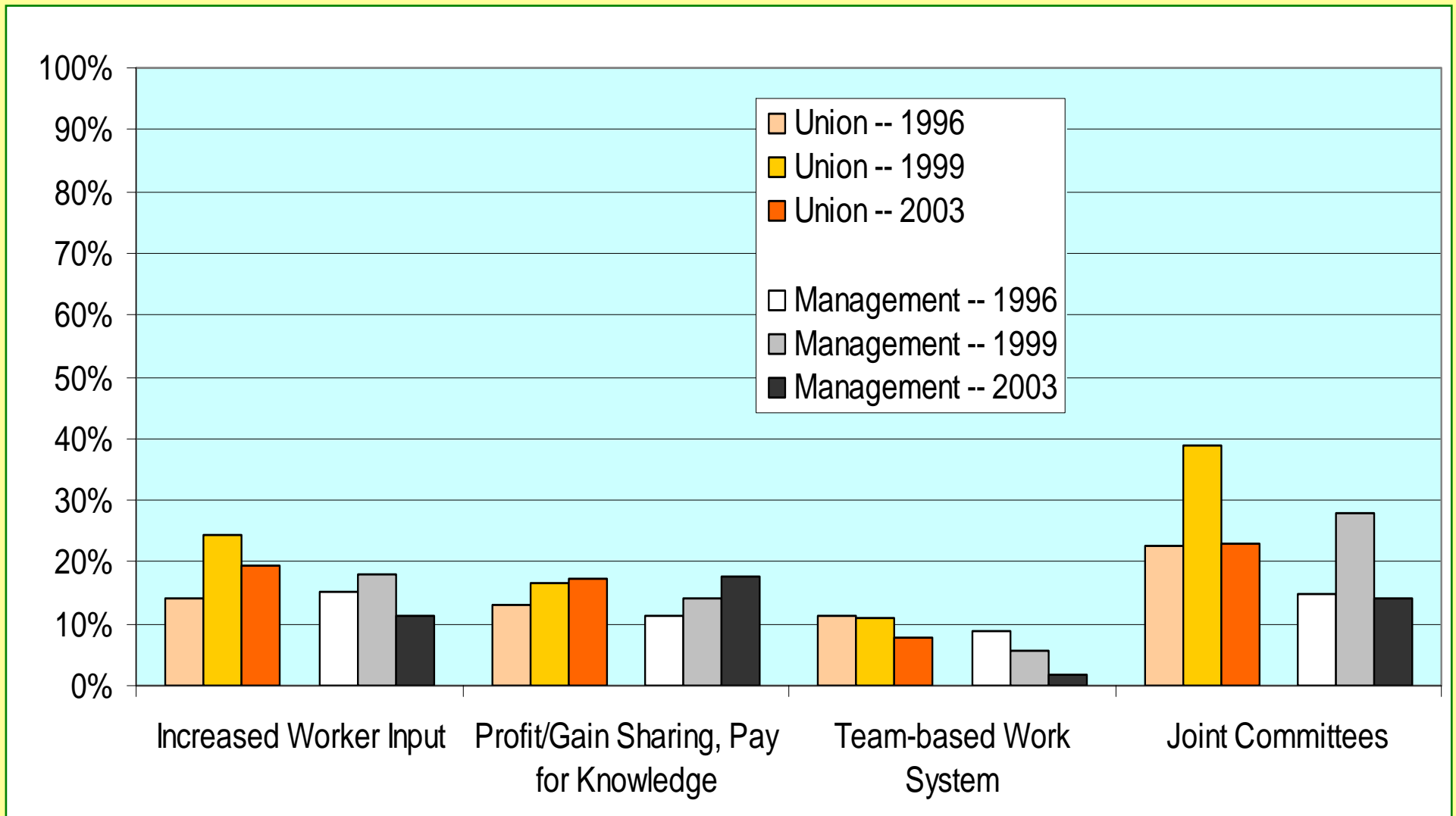
Management-Driven Outcomes



Union-Driven Outcomes



Additional Outcomes



Concluding Comments

- Large potential impact with alignment of collective interests
- Complicated process of transformation and change in institutions and relations
- A global challenge